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JUL 17 1928
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Are Farmers' Interest Rates Increased by the Small Loan Law?

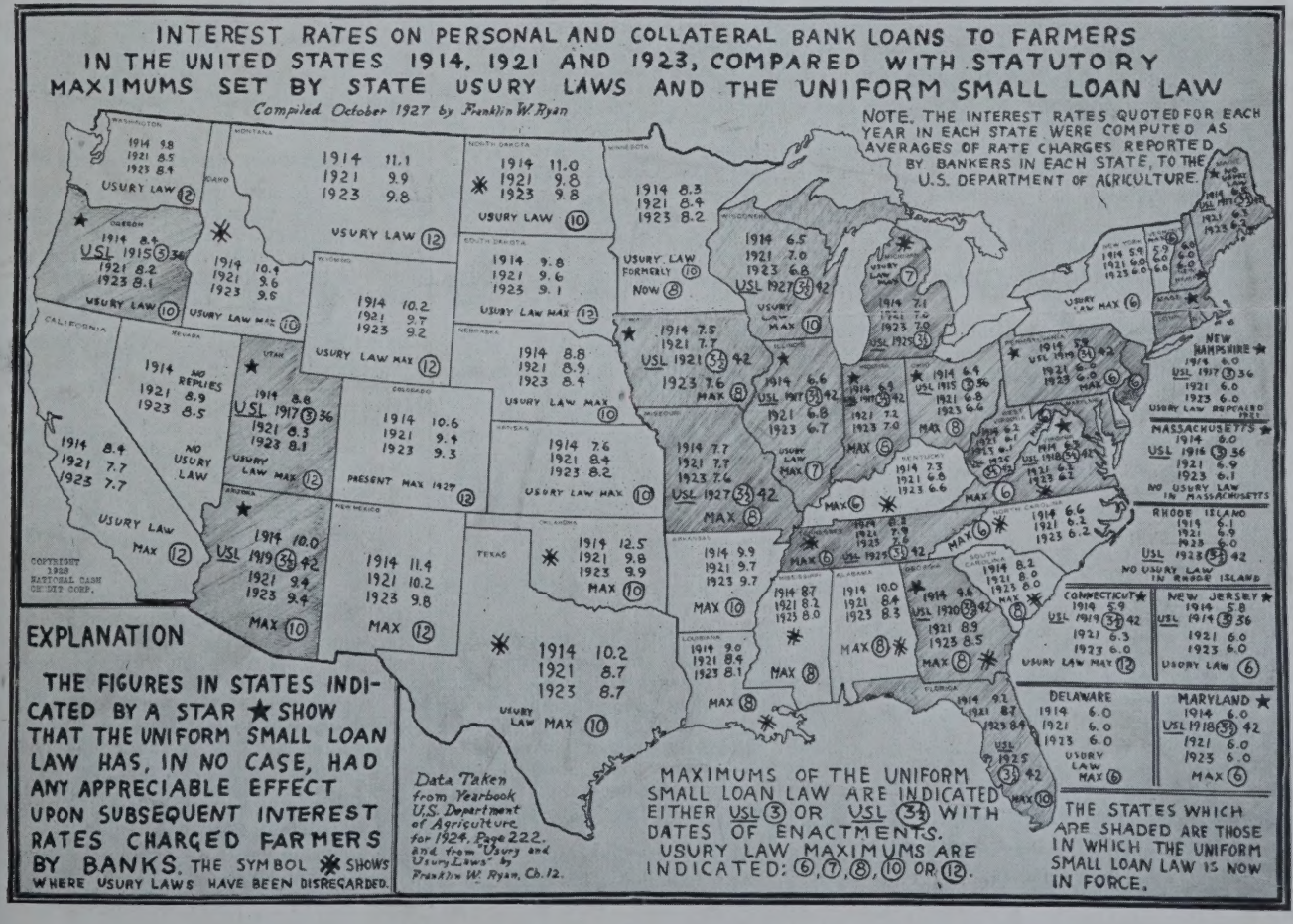
By Franklin W. Ryan, *Vice-President, National Cash Credit Corporation*

Adapted from Mr. Ryan's Remarks Before the Interim Committee of the Minnesota Legislature, October 17, 1927

One of the most persistent arguments presented by those opposed to the enactment of the Uniform Small Loan Law, is the argument that if the Uniform Small Loan Law permitting a rate of 3½% a month or 42% a year, is enacted in a state, this rate will result in compelling farmers to pay higher rates on farm loans than they are now paying. Those opposed to the enactment of the law often find it very easy to enlist the opposition of legislators representing the farmers by using this argument. When the campaign to get the law enacted was in progress in Wisconsin and Missouri during 1927, this argument was one of the strongest arguments used by the opponents of the law, and even though the law was enacted in those states regardless of the opposition, the same argument was used so effectively in Kansas, Kentucky and Minnesota that there is no doubt that it helped effectively to defeat the law in those states.

Of course, a great many other arguments than this one have been advanced against the Uniform Small Loan Law. Most of these arguments are quite common and have often been discussed, but this argument that the Uniform Small Loan Laws will cause farmers to pay higher interest rates on form loans has only recently received public attention. Although it is an old argument, it came into prominence in 1925 during the campaigns in which the Uniform Small Loan Law was enacted in Florida, Michigan, Tennessee and West Virginia. In 1927 this argument was again used and more effectively than ever before, so that it is believed that the law would now be in force in at least one or two more states than at present, if the fallacy of this argument could be proved.

To me this statement that the Uniform


INTEREST RATES ON PERSONAL AND COLLATERAL BANK LOANS TO FARMERS IN THE UNITED STATES 1914, 1921 AND 1923, COMPARED WITH STATUTORY MAXIMUMS SET BY STATE USURY LAWS AND THE UNIFORM SMALL LOAN LAW
Compiled October 1927 by Franklin W. Ryan
NOTE. THE INTEREST RATES QUOTED FOR EACH YEAR IN EACH STATE WERE COMPUTED AS AVERAGES OF RATE CHARGES REPORTED BY BANKERS IN EACH STATE, TO THE U.S. DEPARTMENT OF AGRICULTURE.
EXPLANATION
THE FIGURES IN STATES INDICATED BY A STAR ★ SHOW THAT THE UNIFORM SMALL LOAN LAW HAS, IN NO CASE, HAD ANY APPRECIABLE EFFECT UPON SUBSEQUENT INTEREST RATES CHARGED FARMERS BY BANKS. THE SYMBOL ✱ SHOWS WHERE USURY LAWS HAVE BEEN DISREGARDED.
Data Taken from Yearbook U.S. Department of Agriculture for 1924. Page 222. and from "Usury and Usury Laws" by Franklin W. Ryan, Ch. 12.
MAXIMUMS OF THE UNIFORM SMALL LOAN LAW ARE INDICATED EITHER USL (3) OR USL (3½) WITH DATES OF ENACTMENTS.
USURY LAW MAXIMUMS ARE INDICATED: (6), (7), (8), (10) OR (12).
THE STATES WHICH ARE SHADED ARE THOSE IN WHICH THE UNIFORM SMALL LOAN LAW IS NOW IN FORCE.
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INDUSTRIAL LENDERS NEWS

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Small Loan Law, if enacted in a state, will cause farmers to pay higher rates of interest on farm loans is one of the most absurd and illogical arguments that has ever been advanced.

There are three reasons why I believe this. First: because the law itself was formulated to control only industrial loans and because the only lenders who take out licenses under this law are lenders who lend on chattel mortgages to industrial workers. Secondly: because farmers' loans are business loans, and the rate of interest on business loans is controlled by competition between commercial banks, while industrial loans are personal loans and because by the very nature of personal loans, the only effective control that has ever been devised is the Uniform Small Loan Law which, as I said before, does not and cannot apply in the field of farm loans.

But these two arguments are purely economic arguments and will not convince farmers and will not silence the people who are opposed to the enactment of the law. In my present argument I am only going to present one line of thought. I am going to present as my third argument some actual figures taken from United States government official statistics which will show that the small loan laws now in effect in some sixteen states of the United States have not had any appreciable effect upon interest rates charged to farmers by banks in subsequent years following the enactment of the law.

If the opponents of this law could do so, they would present statistics to prove their contention that the law actually causes farmers to pay high rates for farm loans, but as far as I know, they have never been able to do so, and I am very sure that they can never present any such statistics. About all they can do is to get the farmers in the agricultural states worked up to some kind of fear that the Uniform Small Loan Law will make it hard to borrow money on easy terms.

Although the opponents of the Uniform Small Loan Law doubtless would like to present statistics to prove their point if they could do so, I find that I can present statistics which will disprove their point without any shadow of a doubt. By compiling official statistics of the United States Department of Agriculture, I have prepared a statistical table and a map showing that these small loan laws have never had any appreciable effect upon interest rates on farmers' loans.

Arguments Supported by Statistical Data

The figures which I am presenting in this statistical table and this map are official figures presented by the United States Department of Agriculture in the Annual Yearbook for 1922 and in other official bulletins from which I have quoted in my book, *Usury and Usury Laws.* I am also presenting a copy of the page of the government publication in which I found the data.

I am here showing figures on interest rates on personal and collateral bank loans to farmers in the United States for the three years 1914, 1921, and 1923, and comparing these figures with the statutory maximums set by the state usury laws and by the small loan laws. These figures are especially interesting and especially important when you realize that the interest rates quoted for each year in each state were computed by United States government statisticians as averages of rate charges actually reported by hundreds of bankers in each state, to the United States Department of Agriculture at Washington, D. C.

What I mean is this. In those three years, 1914, 1921, and 1923 the United States Department of Agriculture sent out questionnaires to bankers all over the United States, and large numbers of those bankers replied giving figures showing the actual interest rates which they charged to farmers on bank loans in those years.

The figures for 1914 and 1921 were officially published by the United States Department of Agriculture in bulletins now out of print. See *Usury and Usury Laws,* Chapter Twelve.

The figures for 1923 were calculated in the office of the Russell Sage Foundation in October, 1927, from the graphic chart shown on page 222 of the Yearbook for 1924 of the United States Department of Agriculture. An exact copy of this page 222 is shown herewith. The United States Department of Agriculture did not publish the actual figures for 1923, but although they did not publish the actual figures they did publish on this page 222 a statistical graph based on those figures and these figures were calculated from that graph for the year 1923 in the office of the Russell Sage Foundation in New York City.

This is the way the figures for 1923 were calculated. The graph on page 222 was magnified to about four times its original size and then photographed so that the position of each point on the graph could be easily calculated to one decimal place.

Interpretation of the Statistics

In order to show you how I interpreted these figures, turn now to the map and note the figures as shown for the state of Illinois. Also note the figures for Illinois on this statistical chart. For the year 1914 bankers of Illinois reported their interest charges to farmers and the United States Department of Agriculture calculated that the average interest rate charged farmers by bankers in Illinois was 6.6%.

I do not see how you could find a more authoritative official statement of interest charges on farmers' loans than this official calculation. I believe it would be accepted in any court or tribunal. It is the official statement of the United States government and there is no higher authority.

The usury law of Illinois sets a maximum of 7%, therefore there could be no motive on the part of bankers to cause them to mis-state or to give wrong information about their loan charges. Hundreds of bankers all over the state of Illinois reported to the United States Department of Agriculture rates they were charging farmers in 1914, and the United States government statisticians averaged these rates and found that the average rate charged farmers for Illinois was 6.6% in the year 1914. In the year 1917 the Uniform Small Loan Law was enacted in Illinois permitting a rate of

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3½% a month, or 42% a year on industrial loans. Now here is the real test of whether the Uniform Small Loan Law will have any effect on subsequent rates charged to farmers. The United States government sent out another questionnaire in 1921 asking bankers to report rates of interest which they charged to farmers. In 1921 from another set of questionnaires, the United States Department of Agriculture officially reported that the rate of interest charged farmers averaged 6.8%.

Now look at the figures for Indiana. In Indiana the average rate of interest charged farmers in 1914 was 6.9%. The Uniform Small Loan Law setting a 3½% maximum was passed in Indiana in 1917. In 1921 the United States government found that the official average of interest on farm loan rates was 7.2%.

In other words, in both Illinois and Indiana it is clearly shown by official United States government statistics that the Uniform Small Loan Law actually had no serious effect in causing interest rates to increase. It is true that interest rates were higher in 1921 than in 1914, but they were higher all over the world because 1921 was a panic and depression year. Look also at the figures for Pennsylvania which enacted the Uniform Small Loan Law in 1919 and you will see that while the average farm loan rate was 5.9% in 1914, it was only 6% in 1921 after the Uniform Small Loan Law had been enacted.

Look also at the figures for Ohio and Virginia, and you will see similar results. In fact, in every state shown on the map with a five-pointed star, and all the states shown on the upper part of the statistical table, the Uniform Small Loan Law had no serious effect in raising farmers' interest rates in years after the law was passed.

Now examine the rates as shown on the map for Oregon, Utah and Arizona. I purposely did not mention these states at first because these three states show a most peculiar situation. I will take up each one of these states in turn.

In Some States Farm Loan Rates Declined

Look at Oregon. In 1914 the average farmers' loan interest rate was 8.4% according to official United States government statistics. In 1915 the Small Loan Law was passed in that state setting a maximum of 3% a month or 36% a year. What effect would that have on farm loan rates? Look at the figures for 1921. The official United States statistics in Oregon for 1921 was 8.2% and the figure calculated from the graphic chart in the Yearbook of the Department of Agriculture for 1924 on page 222, shows 8.1% for the year 1923.

In other words, farmers' loan rates actually declined in Oregon following the passage of the small loan law. Now look at the state of Utah on the map. The government statistics show that the farm loan rate was 8.8% for the year 1914. The small loan law was passed in Utah in 1917 permitting 3% a month. In 1921 the farmers' loan rate had dropped fully ½ of 1% so that the official reported rate was 8.3%, and this further declined to 8.1% in 1923.

Certainly if the small loan law had any effect at all, it was a beneficial effect in the states of Utah and Oregon. But there is actually no scientific basis for believing it had any effect at all.

Now look at Arizona. The average farmers' loan rate in 1914 as officially reported was 10%, which is all that the law allows for that state. The Uniform Small Loan Law setting a maximum at 3½% was passed in Arizona in 1919. The official United States government figures show that farmers loan rates had gone to 9.4% in 1921.

States With No Usury Laws

Now I want to call your attention to Massachusetts. Massachusetts, New Hampshire and Maine stand unique among American states because they have no usury laws. Western farmers stand aghast and amazed when they look at Massachusetts with no usury law and yet see that in spite of the fact that there is no usury law, farmers' loan rates are lower than they are in western states!

In 1914 the average rate charged on farmers loans in Massachusetts was 6%, although there was no law whatever to

Interest Rates on Personal and Collateral Bank Loans to Farmers in the United States, 1914, 1921 and 1923, in States Which Enacted Small Loan Laws Before 1922 Showing That the Small Loan Laws Had No Appreciable Effect Upon Subsequent Interest Rates Charged Farmers by Banks*

(Issued by the Russell Sage Foundation)

Name of State	Average Rate of Interest on Loans to Farmers 1914	Year of Enactment Uniform Small Loan Law	Monthly Maximum Set by the Law	Approximate Annual Rate of Small Loan Law	Average Rate of Interest on Loans to Farmers 1921	Average Rate of Interest on Loans to Farmers 1923*
New Jersey	5.8%	1914	3%	36%	6.0	6.0
Oregon	8.4%	1915	3%	36%	8.2	8.1
Ohio	6.4%	1915	3%	36%	6.8	6.6
Massachusetts	6.0%	1916	3%	36%	6.9	6.1
New Hampshire	6.0%	1917	3%	36%	6.0	6.0
Maine	6.5%	1917	3½%	42%	6.3	6.2
Indiana	6.9%	1917	3½%	42%	7.3	7.0
Illinois	6.6%	1917	3½%	42%	6.8	6.7
Utah	8.8%	1917	3½%	42%	9.2	8.4
Maryland	6.0%	1918	3½%	42%	6.0	6.0
Virginia	6.3%	1918	3½%	42%	6.2	6.2
Connecticut	5.9%	1919	3½%	42%	6.3	6.0
Arizona	10.0%	1919	3½%	42%	9.4	9.4
Pennsylvania	5.9%	1919	3½%	42%	6.0	6.0
Georgia	9.6%	1920	3½%	42%	8.9	8.5
Iowa	7.5%	1921	3½%	42%	7.7	7.6
Some Other Agricultural States Which Do Not Have the Uniform Small Loan Law						
Minnesota	8.3%				8.4	8.2*
Kansas	7.5%				8.4	8.2
Nebraska	8.8%				8.9	8.4
North Dakota	11.0%				9.8	9.8
South Dakota	9.8%				9.6	9.1
Oklahoma	12.5%				9.8	9.9
Texas	10.2%				9.7	9.7
Montana	11.1%				9.9	9.8
Washington	9.8%				8.5	8.4
California	8.4%				7.7	7.7
Louisiana	9.0%				8.4	8.1

*The figures for interest rates for the years 1914, 1921, 1923 as here given were calculated and reconstructed October 15, 1928, in the office of the Russell Sage Foundation, New York City, from a chart published by the U. S. Department of Agriculture in its Yearbook for 1924 on page 222. The figures are expressed with but one decimal place.

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stop loan rates from going up to any rate that the bankers could collect. The small loan law was passed in Massachusetts in 1916 setting a maximum of 3% a month or 36% a year on small loans under $300. In 1921, the year of depression, farm loan rates rose to 6.9% in Massachusetts, and yet in 1923 they had declined as low as 6.1%. In 1924 and 1925 they went still lower according to information which I have.

In Georgia the Usury Law is a Dead Letter

Now glance at Georgia. Georgia is one of the most peculiar states of all because in that state, although there is a usury law which sets a maximum at 8% a year, the bankers do not seem to pay much attention to it.

In 1914 according to an official United States government report, farmers were paying 9.6% on the average for bank loans, although the 8% usury law told them that they must not do it

Then came the passage of the Uniform Small Loan Law in 1920. Naturally you would think if the bankers broke the usury law in 1914 by charging 9.6%, they would now break it still further and go the limit and seek the farmers even more. But what happened? In 1921 the average rate on farmers' loans in Georgia had declined according to United States official government statistics, to 8.9%, still breaking the sacred usury law but with a substantially lower rate than the official figures for 1914. In 1923 the average rate on farmers' loans still further declined according to the figures calculated in the office of the Russell Sage Foundation from the chart published on page 222 of the Yearbook of the Department of Agriculture for 1924.

I could go on at great length pointing out a great many other ways how these official statistics show conclusively that the Uniform Small Loan Law has no effect whatever on farm loan rates.

I suppose that the opponents of the small loan laws have seen these statistics and I do not doubt that they would have used them to prove their point if they could have done so. Fortunately there is absolutely nothing in all of these statistics which would give them any support for their statement that the small loan laws will cause higher interest rates for farmers.

Page 222 *Yearbook of the Department of Agriculture, 1924*

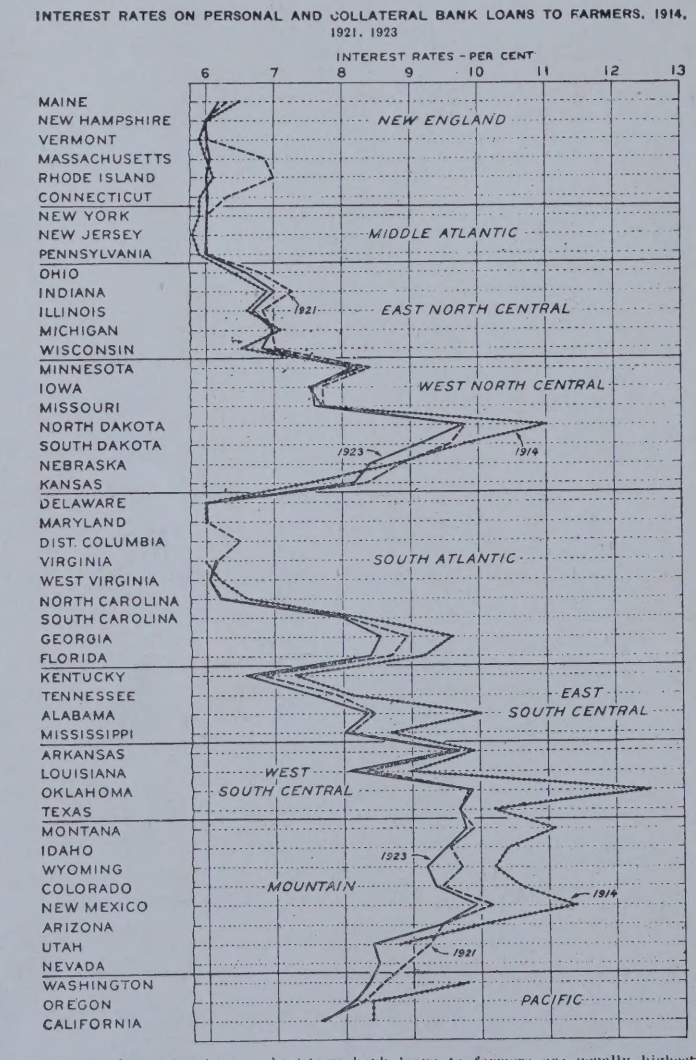

FIG. 33.—Interest rates on short-term bank loans to farmers are usually highest in regions where loanable funds are inadequate or where risks are relatively great. In recent years rates have declined more in regions where the general level of interest rates has been high

The above cut is an actual photograph of page 222 of the 1924 Yearbook of the U. S. Department of Agriculture. Note that three graphs are shown for the years 1914, 1921 and 1923. Although these figures are here given only in graphic form and not in numerical form, they are nevertheless official government statistics. Furthermore, the figures for the years 1914 and 1921 were actually published in government bulletins now out of print, and are given in *Usury and Usury Laws*, Chapter 12.

These Are Actual Rates on Farmers' Personal and Collateral Loans

You will note from the heading of both the map and the chart and from the heading of page 222 of the 1924 Yearbook, shown herewith, that these farmers' loan rates are loan charges on personal and collateral bank loans to farmers and that in states like Massachusetts, Maine and New Hampshire where there are no usury laws or in a state like Georgia where nobody pays much attention to the usury law, there would be little to prevent a banker from charging 3½% a month on personal loans to farmers if they wanted to. But the official statistics of the United States government show that the bankers have not charged higher rates in those states.

Look at the state of Maine with no usury law whatever! Bankers in the state of Maine could charge 3½% a month on personal and collateral loans to farmers. It would not be illegal because there is no usury law in that state. In 1914 the average farmers' loan rate was 6.5%, and in 1921 after the usury law was passed, the farmers' loan rate was 6.9%. Where could you find a more effective refutation of the arguments of those who oppose the law?

Some Opponents of the Uniform Small Loan Law Are Not Sincere

In closing this argument there are only two things that I want to say. I have heard that this argument against the small loan law is not sincere and that it is backed largely by the high rate money lenders who do not want to see the law passed. I have heard it said that a great deal of unnecessary emphasis has been laid upon this argument and that a number of well-meaning legislators representing farmers have been misled into believing in it.

The first two arguments that I presented are not very effective in convincing either farmers or legislators. The farmers want facts and the legislators want facts. As far as I know this is the first time that anyone has ever dug into the actual facts in this problem. In this map and in this statistical chart accompanying the map and in this copy of page 222 of the 1924 Agricultural Yearbook, I have given you the actual statistical facts officially reported by the United States government showing without any shadow of a doubt, that the small loan law, has in no case, had any effect worth noting, upon interest rates charged farmers by banks. My opponents might say that bankers in states like Illinois, Indiana, Ohio and Pennsylvania were influenced in writing out their answers to the government questionnaires because they might have been afraid to report that they had broken the usury laws. This argument falls completely flat in states like Oregon, Utah or Connecticut, where the

usury law maximums of 10 or 12 per cent are so high that bankers never get near them in their charges, and in states like Maine, New Hampshire and Massachusetts, which have no usury laws at all.

THESE FACTS SILENCE ALL MERE OPINIONS ON THE SUBJECT

In regard to those people who oppose the Uniform Small Loan Law, because of biased motives, there is not much that I can do to convince them. They do not want to be convinced. They will continue to present this argument against the Uniform Small Loan Law as long as they can fool the farmers. The only effective argument with that class of people is to silence them by showing up their insincerity, but as regards the other class of opponents to the Uniform Small Loan Law who are sincere in their opposition and who actually are afraid that the Uniform Small Loan Law will cause farmers to have to pay higher loan rates, I believe that by the presentation of official statistics, I have rendered them a real service. For the sincere farmer who asks for facts and figures, I have given them facts. For the sincere legislator who is representing the farmer and who wants to know whether to vote for the small loan law, he can find his answer in these figures compiled from official questionnaires sent to thousands of bankers all over the United States and requiring months of time and research and showing without any shadow of a doubt, that the Small Loan Laws have never in any case, caused farmers to have to pay appreciably higher rates of interest on farm loans than they had to pay before the law was passed.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light street, Tuesday evening, June 12th.

The meeting was called to order by the Chairman C. A. Gardner.

Upon motion of Mr. Hood, seconded by Mr. Hougham the minutes of the previous meeting were approved as distributed.

Roll Call—There were 30 present at this meeting representing 21 offices.

Unfinished Business

The minutes of the Executive Committee Meeting held Friday, June 8th, were read.

Upon motion of Mr. Sutton, seconded by Mr. Hamburger, these minutes were approved as read.

The Secretary was instructed to mail a check for $300.00 to the American Industrial Lenders Association to be used to carry on its work.

New Business

Upon motion of Mr. Hougham, seconded by Mr. Hood, J. D. Goldrick was nominated to fill the vacancy on the Executive Committee recently left vacant by the retirement of Roy T. Baseman.

Upon motion of Mr. Rosenfield, seconded by Mr. Turner, the nominations were closed, thereby making Mr. Goldrick a member of the Executive Committee of the Maryland Industrial Lenders Association.

Mr. Gardner and Mr. Tyler brought up the subject of holding our next meeting in Hagerstown.

Upon motion of Mr. Hougham, seconded by Mr. Tyler, the next meeting of the Maryland Industrial Lenders Association (second Tuesday in September) will be held in Hagerstown, Maryland. Mr. Tyler was appointed Chairman of the Committee to arrange for same. Upon motion of Mr. Hougham, seconded by Mr. Rosenfield, the ladies are invited to attend the meeting in September.

J. J. Rosenfield was appointed Chairman of the Vigilance Committee for the following year. This is simply a reward for the splendid work that Mr. Rosenfield has done while holding that office during the past season.

There being no further business to come before the meeting the Chairman suggested that several questions be brought up for discussion. Five questions from the course of the Industrial Lenders Technical Institute were then brought up, names were drawn from a hat designating the men that were to answer these questions. As these questions were the kind that all loan men are interested in, it was not long before the discussion became general. The impression is that there are so many eloquent speakers in our Association that the Chairman will again use this method to get them on the floor.

Upon motion duly seconded, the meeting of the Maryland Industrial Lenders Association adjourned until the second Tuesday in September, 1928, when we will meet in Hagerstown.

Immediately following this meeting, a meeting of the Executive Committee was called to elect a Treasurer to fill the vacancy caused by the retirement of Mr. Baseman.

In the absence of the Chairman, Mr. Gardner called the meeting to order. Those present were Messrs. Gardner, Hougham, Tyler, Goldrick and Garren.

Upon motion of Mr. Hougham, seconded by Tyler, J. D. Goldrick was elected to fill the office of Treasurer.

E. M. GARREN, *Secretary.*

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EXTRA MAPS

The original of the map on the front page of this issue of the NEWS was about 24x36 in size. It has been photographed in various sizes. The 8½x11 size is 40 cents postpaid. The 18x24 size is $1.10 postpaid. Order them direct from Frank R. Simone, c/o Langton Photostat Company, 30 Church Street, New York City. Lower prices in quantities.

SEMIANNUAL MANAGERS' CONFERENCE, LINCOLN LOAN CO. AND MAYFLOWER LOAN CO.

The Semiannual Managers' conference of the Lincoln Loan Co. and the Mayflower Loan Company was held at the general offices at Indianapolis, Indiana. on June 9th-10th. Those present were F. S. Meyer, Vice Pres.; M. G. Stokes, Sec.-Treas.; Irvin Wesley, Northern Supervisor, W. A. Ridenour, Western Supervisor; Arthur Rohm, Indianapolis; O. Pigge, Hammond, Indiana; C. A. Jordan, Gary, Indiana; L. B. Bettelon, Chicago, Ill.; J. P. Earnest, Chicago; J. E. Doorley, Chicago; H. W. Jorgensen, Milwaukee; B. P. Atchison, Kansas City; W. A. Thomas, St. Louis; Chas. Bedwell, Memphis; R. S. Manford, Nashville; Don Swaney, Chattanooga; Wm. Williamson, Cincinnati; L. L. Young, Cleveland; N. L. Ridenour, Detroit; H. J. McGaughey, Detroit and the following guests present were A. J. Wichmann, Lewis Osthiemer of Indianapolis and Mr. Francis L. Thompson, President of the American Industrial Lenders Association who made a very convincing address at the banquet held at the Columbia Club. The meeting closed after many social activities.

NEW JERSEY

The quarterly meeting of the New Jersey Industrial Lenders' Association was held at Tory's Restaurant, Long Branch, N. J., June 7, 1928.

The meeting was called to order at 10:30 A. M., Mr. Van Horn, the Chairman, presiding.

The Secretary, Mr. Buchman, called the roll and the following companies responded:

American Equity Corp., Trenton.
American Loan Company, Camden.
American Loan Company, Newark.
Beneficial Loan Society of Camden, Elizabeth, Jersey City, Newark, Orange, Paterson, Trenton and Union City.
Community Finance Service of Elizabeth, Jersey City, Atlantic City, Camden and Newark.
Confidential Finance Co., Newark.
Continental Finance Corp. of Jersey City.
Gibraltar Loan Society, Newark.
Personal Finance Company of E. Orange, Bloomfield, Passaic, and Perth Amboy.
Consolidated Plan of N. J., Inc., of Newark and Paterson.
N. J. Cash Credit Corporation of Asbury Park, Camden, East Orange, Elizabeth, Hackensack, Jersey City, Newark, Trenton and Union City.
Van Horn Agency of New Brunswick and Trenton.
Lyndhurst Loan Company, Lyndhurst.
Ideal Finance Ass'n., Inc., Newark.
Community Finance Service, Inc., of Trenton, N. J.
Beacon Finance Corp., Newark.
National Finance Service, Inc., Newark.
Beneficial Loan Society, Plainfield.
Monroe Loan Society, Bloomfield.
N. J. Cash Credit Corp. of Asbury Park, E. Orange, Rutherford, Jersey City, Bayonne, Englewood and Bridgeton.

Reports

The Secretary read his report, stating that we had 92 members in good standing at the beginning of June 1, 1927, and that we now have 126 members, which gave us an increase of 34 during that period, there being 5 members whose dues were unpaid at the present time.

Mr. Matthews, the Treasurer, read his report, stating there was cash in the bank as of May 31, 1928, of $1,666.37.

The Chairman of the Executive Committee submitted his report, covering the activities of his office over the period.

The Chairman of the Publicity Committee, Mr. F. M. Umlauft, submitted his report as follows:

"Gentlemen:

"In our modern, busy life, one of the things that makes itself keenly felt, is the rapid passing of time.

"It seems that but yesterday you conferred upon me the title of 'Chairman of Publicity Committee' with the responsibilities, duties and honors forming part and parcel of that office.

"I now find it my privilege and duty to submit to you a review of the work of this office and of the conditions affecting our Association as I view them, with recommendations for further legislation which seems to be desirable for the best interests of our Association.

"I have endeavored to show my appreciation by familiarizing the public with the activities of the 'industrial lenders' so that we might get the same share of public recognition, faith and respect that is enjoyed by our 'big brother' the 'commercial banker.'

"In executing my office, I have cleared some of the doubts, misunderstandings and ignorances of the press, high officials of the State and municipalities and of the public in general.

"While the past thirteen years of the Association have been filled with permanent and valuable accomplishments, let us face the future, let us get that 'Dr. Mueller spirit' 'Billy' Young's opinion of our business, and, last but not least, C. H. Watts' great vision of our future.

"I earnestly urge the value of dignified public notices relating to the work of the licensed money lender, for only by acquainting the public with our business can the aid and assistance we are giving be made known to them.

"The Association has a remarkable history. Those of you who have not heard the same outlined by our esteemed Chairman of Legislative Committee, Mr. C. H. Watts, at the fall meeting at Atlantic City have certainly missed something.

"It has splendid achievements in the services rendered the public to reflect upon. But what of the present, and what of the future?

"Nothing on earth remains stationary. We cannot live in the past—we must not be content with what has been but must plan for the future, and strive to improve, advance and develop our Association to the end that even greater and better achievements will be credited to our Association than have been in the past.

"How can we reach this goal?

"Through coöperation. By coöperating with our officers and coöperating with ourselves.

"The greatest discovery of the Nineteenth century was not steam, or electricity, or manicure scissors, but coöperation.

"Men like Armour, Carnegie, Woolworth, were not so remarkable for what they were as for their ability in bringing people together.

"The influences, moral, social and educational, of our Association, are immeasurable and inestimable,—this statement is neither a boast nor an exaggeration.

"So, gentlemen, let us never fail to lend a helping hand, to upbuild a greater Association, for its benefit as well as for our individual benefit.

"Respectfully submitted,
"F. M. UMLAUFT,
"Chairman of Publicity Committee."

The Chairman of the Entertainment Committee, Mr. Buswell, made a verbal report regarding the arrangements for the meeting that day in which he stated that arrangements had been made for the entertainment of the guests by providing games of various kinds, and that we had 140 present at the outing.

The Chairman of the Auditing Committee, Mr. Don Cameron, reported he had audited the books of the Secretary and Treasurer and found them in order and that he had verified the bank balance and made the usual thorough check-up as to the correctness of the Treasurer's report as well as verifying other entries in the Association's records.

The Chairman of the Vigilance Committee, Mr. Whitstone, tendered a verbal report regarding the progress that this Committee has made since its appointment.

The Chairman of the Legislative Committee, Mr. C. H. Watts, submitted the following report:

"Gentlemen:

"The following is a brief report of your Legislative Committee's activity for the year 1927-28:

"A bill to reduce the Uniform Rate provided in the New Jersey Law was introduced early in the session, was referred to committee and failed of enactment.

"Bills reported to be sponsored by the Banking Department to amend the Provident Loan Act as well as the Small Loan Law of 1914 were introduced. These measures proposed a prohibition upon the making of loans to any one person, whether a maker or an endorser, where the principal owed at any one time by said person exceeded the maximum of $300 provided in the Uniform Small Loan Law.

"Both of these amendments were approved by your membership and such help as seemed necessary was given by your Legislative Committee, resulting in their enactment.

(Concluded on page 8.)

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

Industrial Lenders
Grand Rapids Invites You!

AMERICAN INDUSTRIAL LENDERS
NATIONAL CONVENTION

September 19, 20 and 21, 1928

BUSINESS SESSIONS WILL BE RELIEVED BY ENJOYABLE ENTER-TAINMENT

YOU CAN NOT AFFORD TO MISS THIS GREAT NATIONAL CONVENTION

Come to Discuss Your Business Problems and Hear
What the Experience of Others Has Been

Grand Rapids Industrial Lenders Association

620 Grand Rapids National Bank Building

NEW JERSEY

(Concluded from page 6.)

"This covers your Legislative Committee's activity for one year.

"In making this report, we pay our respects and extend thanks to the many members throughout the State who were active in the support of the Committee's plans.

"Respectfully submitted,

"CHARLES H. WATTS.

"Chairman Legislative Committee."

The Chairman of the Special Committee of By-Laws, Mr. Buswell, submitted a tentative copy of the proposed By-Laws to all of the members present.

"The Chairman of the Membership Committee, Mr. William Young, submitted the following report:

"Gentlemen:

"It is with pleasure that the Membership Committee reports that at the present time our Association has thirty-four more members than it had this time a year ago. On June 1, 1927, we had ninety-two (92) members in good standing while at the present time we have a total membership of one hundred and twenty-six. In addition to this present membership of one hundred and twenty-six, the Committee is glad to report that we are in receipt, at this time, of six additional applications which we feel sure will result in a total membership of one hundred and thirty-two.

"While this increase in membership is not as great as the Committee had hoped to report to you, we feel that the Association has progressed quite satisfactorily. The Committee wishes to report that during the year it sent to every Exchange Bureau in the State of New Jersey a complete card list of each New Jersey licensee in their locality with the request that the members of the various Exchange Bureaus take it upon themselves to personally contact all of the non-licensees there listed. Although, as we have reported before, this resulted in an increase of but thirty-two members, it is reasonable to expect that the complete results from this systematic solicitation of non-members has not been reached and that other licensees will from time to time affiliate with us as the result of it.

"Respectfully submitted,

"WILLIAM YOUNG,

"Chairman of Membership Committee."

It was regularly moved and seconded that the above reports be accepted with thanks, and filed as a permanent record with the Secretary.

Mr. Buswell read each paragraph of the tentative copy of the By-Laws and suggestions were offered and each paragraph was discussed and certain recommendations were made.

It was regularly moved, seconded and carried that the report as read and amended be accepted and that any other recommendations be submitted to the Chairman of the By-Laws Committee and the said chairman of this committee submit any additional recommendations by the members to the Executive Committee for their consideration and that a copy as approved by the Executive Committee be sent to all of the members prior to the next meeting.

New Business

It was regularly moved, seconded and carried that the salary of the Secretary for the coming year be $400.00.

It was regularly moved, seconded and carried that $100.00 be appropriated to defray the expenses incurred for providing prizes for the annual outing.

It was regularly moved, seconded and carried that $500.00 be donated to the American Industrial Lenders' Association as per their request and that a check in this amount be sent to George W. Kehr, Secretary.

The Chairman of the Membership Committee, Mr. William Young, submitted the following applicants for membership in the Association:

Broadway Finance Corporation, 220 Broadway, Long Branch, N. J.

Borrowers Loan Company, 90 Monticello Ave., Jersey City, N. J.

Conservative Credit System of N. J., Inc., 243 Main St., Orange, N. J.

Consolidated Plan of N. J., Inc., 137 Albany St., New Brunswick, N. J.

Continental Finance Corp., 16-22 W. Palisade Ave., Englewood, N. J.

Roan Loan & Security Corp., 137 E. State St., Trenton, N. J.

It was regularly moved, seconded and carried that the six applicants be elected to membership in the Association.

The officers of the Somerset Loan Company were present and stated that they had mailed an application in to the Secretary for membership in the Association and inasmuch as this application had not been received, the application was submitted verbally with the approval of the Chairman of the Membership Committee and it was regularly moved, seconded and carried that they be elected to membership, pending the receipt of the final application.

Election of Officers

It was regularly moved, seconded and carried that the Chairman appoint a Nominating Committee, consisting of five members, to select the officers for the coming year. The Chair appointed Mr. C. H. Watts as Chairman, and Messrs. Charles G. Millard, G. T. Badger, John Whitstone and J. V. Long as members of this Committee. This Committee adjourned to a private room, later returning with the following nominations, Chairman Watts submitting the names:

Chairman, A. E. Montgomery.
Vice-Chairman, A. J. Simonson.
Secretary, Walter S. Buswell.
Treasurer, Nelson Matthews.
Chairman Executive Committee, Vernon L. Buchman.
Chairman Legislative Committee, J. C. Van Horn.
Chairman Membership Committee, E H. Lambert.
Chairman Publicity Committee, E. A. Rudloff.
Chairman Entertainment Committee, J. Gay Seabourne.
Chairman of Auditing Committee, William Young.

It was regularly moved, seconded and carried that the nominations be closed, and the Secretary cast the ballot.

The Secretary reported having cast the ballot and that the officers and Chairmen of the various committees as selected by the Nominating Committee were unanimously elected.

The retiring Chairman, Mr. Van Horn, installed the newly-elected Chairman, Mr. Montgomery, and expressed his best wishes for a successful year for the Chairman in the Association. The other officers were likewise installed.

VERNON L. BUCHMAN, *Secretary.*

It was regularly moved, seconded and carried that a vote of thanks be tendered to the retiring officers.

There being no further business, it was regularly moved and seconded that the meeting be adjourned at 12:30. Carried.

WALTER S. BUSWELL, *Secretary.*

ANNUAL CONFERENCE OF CITY PRESIDENTS

The third Annual Conference of the City Presidents of the subsidiaries of the Beneficial Loan Society, American Loan Company, and Collateral Bankers, Inc., was held at The Roosevelt Hotel, in New York City, May 24-25, 1928.

Representatives were in attendance from the following cities:

Akron, Ohio	Lorain, Ohio
Allentown, Pa.	Lynn, Mass.
Altoona, Pa.	Macon, Ga.
Ansonia, Conn.	Manchester, N. H.
Atlanta, Ga.	McKeesport, Pa.
Augusta, Ga.	Memphis, Tenn.
Baltimore, Md.	Meriden, Conn.
Bayonne, N. J.	Middletown, Conn.
Bethlehem, Pa.	Nashua, N. H.
Binghampton, N. Y.	Nashville, Tenn.
Boston, Mass.	Newark, N. J.
Bridgeport, Conn.	New Britain, Conn.
Bristol, Conn.	New Castle, Pa.
Buffalo, N. Y.	New Haven, Conn.
Cambridge, Mass.	New London, Conn.
Camden, N. J.	New York, N. Y.
Canton, Ohio	Norfolk, Va.
Castile, N. Y.	Norristown, Pa.
Chattanooga, Tenn.	Norwalk, Conn.
Cincinnati, Ohio	Orange, N. J.
Cleveland, Ohio	Philadelphia, Pa.
Columbus, Ohio	Pittsburgh, Pa.
Concord, N. H.	Pittsfield, Mass.
Council Bluffs, Ia.	Providence, R. I.
Dayton, Ohio	Reading, Pa.
Des Moines, Ia.	Richmond, Va.
Detroit, Mich.	Roanoke, Va.
Easton, Pa.	St. Paul, Minn.
East Orange, N. J.	St. Petersburg, Fla.
Elizabeth, N. J.	Sioux City, Ia.
Erie, Pa.	Springfield, Mass.
Flint, Mich.	Springfield, Ohio
Gary, Ind.	Stamford, Conn.
Harrisburg, Pa.	Tampa, Fla.
Hartford, Conn.	Thompsonville, Conn.
Jersey City, N. J.	Toledo, Ohio
Indianapolis, Ind.	Trenton, N. J.
Jacksonville, Fla.	Troy, N. Y.
Johnstown, Pa.	Waterbury, Conn.
Kansas City, Mo.	Wilkes-Barre, Pa.
Knoxville, Tenn.	Worcester, Mass.
Lansing, Mich.	York, Pa.
Lebanon, Pa.	Youngstown, Ohio

These representatives are prominent business and professional men in their local communities. They are deeply interested in the welfare of their local office, as well as that of the entire organization. They meet regularly, direct their local office so as to best serve worthy people of their home communities and the sound business requirements of their corporation.

On the evening of the 24th, following the dinner in the main Ballroom of the Roosevelt Hotel, addresses were made by the following:

Richard H. Lee, Esq., General Counsel,

"Sound Financing of a Necessary Business."

Mr. Charles H. Watts, Chairman, Board of Directors, "Service and Efficient Management as Assets in Business."

Dr. Frank Bohn, Special Feature Writer for the New York *Times*, "The New Economic Map of the United States."

Frederick J. Shoyer, Esq., acted as Toastmaster.

On the day following, May 25, the general board of directors of the Parent companies met in regular quarterly meetings, and all of the city presidents, even though not members of these general boards, were invited to attend the meetings which they did. From the many favorable comments, the guests returned to their homes with a new and broader conception of the companies, their benefits to humanity, and the highly efficient type of management which has been perfected to supervise their respective loan offices.

It is through the coöperation of men of the type of the city presidents, who are interested in the industrial loan business in many parts of the country, that tends to build up the increasing goodwill for this business which is so necessary in any enterprise.

OHIO

S. O. S. Bulletin, No. 21

Springfield, Ohio, June 16, 1928.
To the Members of The O. I. L. A.

Well! Well! Here it is only 40 days until *your* Convention. What are *you* thinking and doing, and what are you willing to do to help make it a successful one?

Lest you have forgotten, a reference to Bulletin 19 will remind you that July 25th, 26th and 27th was fixed as the time, and Cedar Point on Lake Erie as the place for our 1928 Mid-Summer Convention.

So that after two years' absence we'll all get together again at this, Ohio's most popular resort. Of course we'll have a good time, but we must put enough effort and thought toward the business of the Convention to make its existence and our attendance justifiable.

Messrs. J. C. Graham of The Community Collateral Loan Co., of Toledo, and J. J. Duke of The Buckeye Finance Co. of Canton, were selected by your Board as Chairman and Vice Chairman, respectively, for the most important event of the Convention, viz, the Managers' Session, to which Thursday, July 26th, has been entirely dedicated.

Now then, what are *you* going to contribute to assist these two gentlemen? They don't even know as yet that they are chosen, but they are going to accept the assignment, and with your assistance are going to put it over successfully. That's the way Ohio does things.

They will meet in a few days to make their assignments and formulate their part of the program.

Will you write them TODAY? Address to Mr. J. C. Graham, 103 Nicholas Building, Toledo, Ohio, stating what question or questions *you* consider important and would like to hear discussed or that you are willing to discuss.

No doubt these men will start off that day with a report touching the number and kind of responses received to this appeal. Will the report be good or otherwise? It all depends on *you*.

Your old Secretary is very anxious to see this Mid-Summer Convention outshine all previous ones—to be sort of a climax as it were, as it is the last one with which he is to be connected as your Secretary. If it's not asking too much, won't you do it for me?

Sincerely,
J. Fred Anderson, *Secretary*.

P. S. You are hereby appointed a member of the Membership Committee. Who in your town is outside our membership who ought to be in? Get the name on the dotted line and a check for $10 00 to cover dues to Jan. 1, 1929. Thank you.
J. F. A.

MARCH AGAINST USURIOUS LOANS MAKES ADVANCE

Chicago—Awakening of business sentiment against the "loan shark" and legislation in more than 20 states to permit legitimate companies to operate is gradually putting the high-rate money lenders out of business, said Charles R. Napier, secretary of the Chicago Crime Commission.

As an attorney and a member of the vigilance committee of the American Industrial Lenders Association, Mr. Napier has toured the United States to lead local campaigns against usuers.

"Salary buying," a method by which high-rate money lenders have tried to get around the law in recent years, is being made unprofitable by large employers of labor, who have agreed in many cities to ignore the specious claims of the lenders. The Better Business Bureau of St. Louis is now leading a campaign against them and Kansas City is aroused to the problem, said Mr. Napier.

Evidence that "loan sharks" are losing their hold in many sections was given by the lawyer. "Two years ago," he said, "when the evil was at its height, Chicago had 12 companies of 'salary buyers.' Now it has only two. One of the biggest operators has retired from business. Convictions against companies have been obtained in Des Moines, Ia., and in Pennsylvania. In Detroit and Jersey City offices of companies were raided like saloons. The business is gradually giving way to pressure."

What Salary Buying Is

Salary buying is simply an attempt to lend money at illegally high rates of interest with a pretense of obeying the law. Lenders found the method easy to use with railroad men. These workers are paid every two weeks, the worker receiving his envelope two weeks after he has earned his money. The lender offers to "buy" the wages the man has already earned but has not received. No rate of interest is mentioned. The man who sells his salary merely gets 10 per cent less than the amount. The next week he is expected to turn over his entire salary to the lender.

But the lenders' exactions do not stop with a mere 10 per cent. When the fortnight is ended, the borrower is more than likely unable to pay back the principal of the loan. It is virtually impossible for a man driven to spend his wages in advance to save up enough to pay back that amount in two weeks' time. The answer is for him to "sell" his salary again to the company, which collects another 10 per cent. This continues until the principal is paid at a rate of 240 per cent a year!

The salary buyers do not try to get the principal back, said Mr. Napier. It is to their interest to keep the loan going as long as possible at 10 per cent.

Can they do it legally? Until challenged, they contended boldly here that they could. In a letter to the Rock Island Railroad one of these companies declared:

"Since our business is confined exclusively to 'buying' we are not subject to city license, the view being taken that 'there is no law prohibiting a person from buying anything that is legitimately for sale.'"

Do You Make 100% Collections?

Or do those "skip" accounts known to be located in Metropolitan area of New York City, Brooklyn, Long Island, Jersey City and vicinity prevent you from attaining a perfect collection record.

Let us help you. Many out-of-town lenders send us their "skip" papers and have us collect for them. We get results.

We give you prompt service and furnish you with periodic progress reports. Our collectors are thoroughly experienced. Where we are unable to make collection no charge is made.

Write Today For Information

FREDERICK FISCHER COMPANY, Inc.

Court Square Building, 2 Lafayette Street, New York City.

Ruse Failed to Work

The Rock Island refused to be taken in by the argument, but many companies were deceived by the seemingly plausible legal case presented by the lenders.

So extensive were the "salary buyers'" operations that a year ago one company wrote the Chicago Surface Lines asking, unsuccessfully in this case, for $3,422 of the pay of 149 employees in a single month.

About two years ago Chicago railroads dealt a blow to the loan companies by agreeing to ignore all their claims. From that time the "salary buyers" ceased to flourish here.

The American Railway Express Company, which had been receiving scores of letters from "salary buyers" attempting to collect, "stopped the racket over night," said Mr. Napier, by the simple process of announcing that the company would no longer honor "salary buyers'" claims.

The railroads realize that employees should be able to make small loans for legitimate purposes, and credit unions are being considered as a method for meeting the needs of those in need.

Legitimate small loan companies are increasing in number in the 20 states which have adopted a model small loan law sponsored by the Russel Sage Foundation.—*Christian Science Monitor,* May 23, 1928.

COMMUNICATIONS

MINNEAPOLIS, Minn., June 28, 1928.

DEAR MR. KEHR:

On June 21st last the Court of Appeals of Maryland handed down a decision in the case of Palmore vs. B. & O. Ry. et al., declaring Section 16 of the Uniform Small Loan Law to be a valid and constitutional enactment.

Section 16, as you know, is the most recent amendment to the Uniform Law and provides that "the payment of $300 or less * * * as consideration for any sale * * * of wages * * * shall be deemed a loan."

About two years ago when it was determined by the A. I. L. A. that it would assist the Russell Sage Foundation to the utmost of its ability in driving out the salary buyers and we were designated to take charge of the matter on behalf of the A. I. L. A., our first duty was to find out in what way we, as lawyers, could best render assistance in that undertaking.

We concluded that the best service we could render was to procure an adjudication from a good court of last resort declaring Section 16 to be a valid, constitutional act; for if that were done, it would lay a sure foundation for the prevention of wage and salary buying in any state which might see fit to enact Section 16 as part of the Uniform Law.

Mr. Henderson of the Sage Foundation came here to consult with us and was of the same opinion. At that time Setion 16 was in force only in Maryland, West Virginia and Michigan and clearly Maryland was the best state, from all standpoints, in which to try out the question.

We at once began to look for an opportunity to raise the question in the Maryland courts. We were much disappointed in the fact that obstacles were thrown in our way by lenders who were in position to help and who seemed to hold the opinion that this was our personal matter and not the matter of the national association and that Maryland lenders might suffer.

After more than a year of hard work beginning with the early fall of 1926, we found opportunity to raise the question of the validity of Section 16 with the result that the above-named decision has been rendered by the court of last resort of Maryland and we herewith enclose a copy of it.

We think that, so far as offensive, constructive work is concerned, by lawyers, to accomplish the destruction of wage buying, this decision is the utmost that can be expected.

Please give prominent notice to this decision in your next issue of the LENDERS NEWS.

It is now simply a question for the several states to make a local matter of wage buying by enacting Section 16 as a part of the Uniform Law and enforcing it.

If its validity shall be contested in any other state, we are confident that the Section will be sustained upon proper presentation of the law.

Very truly yours,
FRANK R. HUBACHEK, *Chairman,*
A. I. L. A. Law Committee.

[The decision to which Mr. Hubachek refers will be published in our next issue. Meanwhile we extend to Mr. Hubachek, his son F. B. Hubachek, and all who had a part in this notable achievement our heartiest congratulations.—*G. W. K.*]

SURETY FINANCE COMPANY
OF WALLA WALLA
7 North Third St.

WALLA WALLA, Wash., June 25, 1928.

American Industrial Lenders Assn.,
10 South Market Square,
Harrisburg, Pa.

GENTLEMEN:

The state association of the Wimsett Company Managers in Washington met in Vancouver, June 23d. The following procedure was had, which we trust will be of interest to your association:

It was unanimously voted to make application to the A. I. L. A. for membership, and you should receive applications from these companies in the near future.

A temporary organization was completed for the purpose of forming a state association, affiliated with the A. I. L. A.

Our support was pledged to the Russell Sage Uniform Loan Law, and a strong attempt will be made to secure its passage without alteration at the next session of the Legislature.

Will you kindly forward the writer necessary data for the accomplishment of our proposed affiliation with your organization.

Yours very truly,
WIMSETT COMPANY MGRS.
OF WASHINGTON.
(Signed) M. B. HILL, *Secretary.*

Office of the A. I. L. A. Vice President.

Jersey City, N. J., June 13, 1928.

DEAR FRIEND KEHR:

I would like to attend the Ohio state meeting at Cedar Point on July 25th, 26th and 27th; the Illinois meeting in Chicago on July 26th; the Georgia meeting in Atlanta on July 27th. Can you or any other member of the Association figure out for me how this can be done? Why is it the state meetings all have to be as near as possible on the same days of the month? Is it because they don't want any visitors or what is it?

Yours truly,
G. J. BADGER.

[The state association secretaries can probably answer Mr. Badger better than the national secretary. Efforts to prevent the situation that Mr. Badger calls attention to have proved unsuccessful to date.—*Editor.*]

Hoopeston, Ill., June 9, 1928.

The American Industrial Lenders Asso.,
P. O. Box 778,
Harrisburg, Pennsylvania.

DEAR SIRS:

We have your letter of April 16, 1928, in regard to our inquiry of April 4th, in which we asked you for the name of a loan company in Burlington, Iowa, to one we might appeal to help us to locate one of our skips, Henry Hills.

We wrote the Iowa Loan Company, 318½ Jefferson Street, Burlington, Iowa, and received a very prompt and courteous reply stating that they had located our man and that they thought that they would possibly be able to collect for us if it was satisfactory with us for them to do so.

Since that time it has been my pleasure to visit the Iowa Loan Company recently, having been in Burlington, Iowa, and we wish to assure you that they have given the matter very careful and prompt attention and have gone out of their way endeavoring to collect the account, although so far the man has been unable to pay anything on the account, having been out of work until very recently.

We wish to thank you very much for your coöperation in the matter as it has been quite a help to us, and we will be glad to let you know later on as to how

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

Felix Auerbach, selling small loan securities for about seven years, says:

"That his exposition of the tremendous difference between a commercial loan and a consumptive loan, seems to us to be the most important point in the whole book.

"In our contact with the public, we have hardly found anyone who realized that there are 'loans' of different character. A loan for business purposes and a loan for personal needs is just a loan, without qualifications, to the public."

J. R. Hoffstadt, Manager of the Household Finance Corporation, Lancaster, Pa., says:—

"Truly a magnetic book regarding Usury and Usury Laws."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

much of the account we have been able to collect.

We feel that through coöperation of this kind between our organization and members, we will eventually be able to eliminate some of the fear of "skips." We are,

Very respectfully yours,
Ottawa Branch
HOOPESTON FINANCE CORP.
By N. B. HEATON, *President.*

LOCAL EXCHANGES

At the first annual dinner of the Philadelphia Exchange Bureau, held June 15th, at the Arcadia Cafe, there were present about 55 members and guests.

Convening at 6:30 P. M. a short business session was held, followed by dinner, after which Mr. Watts gave us a splendid talk and took as his topic "What's Happening on Broadway." This topic, of course, meant nothing. Mr. Watts confined his talk principally to the advent of the banks throughout the country entering the small loan business.

A rising vote of thanks was tendered Mr. Watts at the conclusion of his remarks.

We were then entertained by talent from the Callahan Entertainment Bureau.

The evening was a very enjoyable affair and in the future these will be held yearly

W. F. BUCK.

MISSOURI

The first annual meeting of the Missouri Industrial Lenders Association was called to order by Harry Palmer, Chairman, in the assembly room of the City Club, located in the Missouri Hotel, St. Louis, Missouri, May 10, 1928.

Twenty-five members from seven different cities including Joplin, St. Louis, Kansas City, Sedalia, Hannibal, St. Joseph and Springfield were present.

Upon motion made by Mr. Klein and seconded by Mr. Hallowell, the minutes of the last meeting, which was held at St. Joseph, were approved as published.

The treasurer's report was then read and showed all bills paid with a substantial balance in the bank.

A motion was made by Mr. Palmer, seconded by Mr. Lichtenstein, and carried that the treasurer's report be approved.

Mr. Evans, Chairman of the Vigilance few minor complaints made by some of Committee, stated although there we e a the members, the conduct of practically all members was very good.

The secretary reported with the exception of two members, all dues were paid up to date, and in several cases, a number of the companies forwarded their checks for the entire year.

Mr. Clift, Chairman of the Membership Committee, reported 18 new members since our last meeting, bringing the total membership to fifty. Upon motion duly made and seconded the report was accepted with a vote of thanks for his efforts. Mr. Palmer stated our former chairman of the membership committee, Mrs. Duncan, was very efficient, and wished to thank her for her efforts.

Mr. Lichtenstein, Chairman of the Law Committee, made his report together with the reading of an opinion received from the Hon. S. L. Cantley, Commissioner of Finance, dealing with the negotiability of the notes taken in our business as security. The secretary was directed to have 100 copies of same multigraphed for use of members.

Upon motion made by Mr. Lichtenstein and seconded by Mr. Reilly, Mr. Bernard T. Hurwitz, Attorney of Kansas City was retained as General Counsel of the M. I. L. A., at a salary of $500.00 per year.

Mr. Hurwitz gave a very vivid picture of the conditions existing in the loan business before the Uniform Small Loan Law was passed.

A motion was made by the secretary and seconded by Mr. Palmer, a vote of thanks should be given to William I. Marsh, Chicago Printer for printing without cost, 500 copies of the Small Loan Law for use of members. Same was given by acclamation by all present.

Mr. Klein requested a report from the Executive Committee relative to the proposed amendment to the By-Laws referred to said committee at the last meeting January 12, 1928, amending said by-laws to include therein, immediately preceding the Code of Ethics, the following:

GOVERNING EMPLOYEES

1. That it is the unanimous sense of the members of the Association, it is for the best interest of the small loan business and equally so in the interest of each member that no member or his manager will attempt to dissatisfy the employee, attempt to take him from the employ of such competing member, except or unless he has first approached the management now employing him and obtained his consent to carry on such negotiations.

2. Provided further, that no member shall employ either directly or indirectly, any person who shall carry with him or her, any list, record, memorandum, or other writing of names or addresses of customers belonging to the member by whom they have been previously employed, nor any other memorandum of information pertaining to the business of any member by whom they have been employed at any time with intent to injure the business of said former member employer.

3. Provided further, that no member shall allow any person in his or their employ to solicit the former or present customers of any other member either by mail or in any other manner where such information upon which such solicitations is made, is the result of having employed an ex-employee of such other member.

Upon motion made by Mr. Klein, seconded by Mr. Lichenstein and carried, the by-laws of the Association were so amended.

The secretary read the applications from new members as follows:

Public Loan Corporation, Sedalia; Public Loan Corporation, St. Joseph; Steiner Finance Company, St. Louis; Archshoefer-Peerless Loan Company, St. Louis; The Ozark Finance Company, Springfield; Federal Finance Company, Kansas City; Personal Finance

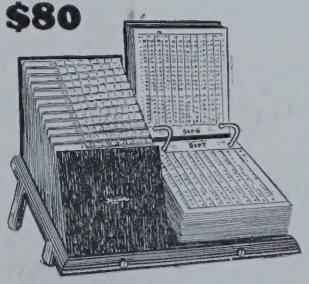
NEED MORE $ $ $ SEE THE MANAGER
Form N. M.

"Need More $" Stickers

To be pasted over the BALANCE column in the payment books.

$3.00 per M.
$2.50 per M in 5M lots.

$80



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THE WILLIAM I. MARSH CO.
229 W. Illinois Street CHICAGO, ILLINOIS

Company, Sedalia; Workingmens Loan Company, Hannibal; Standard Loan Corporation, St. Louis.

A motion was made by Mr. Palmer and seconded by Mr. Clift and carried, that the applications of the new members be accepted.

A motion was duly made by Mr. Henderson, seconded by Mr. Palmer and carried, that the M. I. L. A. draw a resolution extending the Association's sympathy in the death of Colonel Clarence E. Hodson, and that a copy of same be forwarded to Mrs. Hodson, and to General Headquarters in New York.

Mr. Hurwitz suggested the making out of two separate checks to the borrower when insurance was involved in the transaction.

After a spirited debate, a motion was made by Mr. Henderson and seconded by Mr. Klein that the present officers be elected for another year. It was so ordered.

Upon motion made by Mr. Palmer and seconded by Mr. Lichtenstein, Mr. Thomas was elected to fill the vacancy on the Executive Committee caused by the transfer of Mr. Rhom. It was so ordered.

The meeting was then adjourned for a delightful banquet attended by 121, including members, their families and Service Staffs.

Among the speakers of the evening, the following gave some very spirited talks, Mr. Napier, Mr. Harrison and Mr. Hurwitz. Mr. Lichtenstein made an excellent toastmaster.

A motion was made and seconded and carried that the next meeting be held at the Muehlebach Hotel, Kansas City, Missouri, Thursday, September 13, 1928.

Upon motion made and seconded and carried, the meeting was adjourned to reconvene in Kansas City, Missouri, September 13, 1928.

V. G. WISE, *Secretary.*

The Loan Shark Makes His Last Stand

System of Family Credit by Reputable Concerns Evolved by Practical Men Will Supplant Age-Long Evil. Industrial Lenders Attract Big Capital

BY LEON HENDERSON

Director, Department of Remedial Loans, Russell Sage Foundation

What is business doing with the "loan shark?"

Business has had but a score of years to try to correct this ancient evil. For centuries many drastic measures for dealing with usury have been proposed and tried. Religion, restrictions, customs, philanthropy, and laissez-faire have jousted with the evil and departed, wearied and defeated, while society groaned under its age-old oppression.

Usury is a problem in waste, and in the last twenty years business has been trying to reduce this loss. Twenty years ago the interest rate on small emergency loans for consumer credit was 20 per cent. per month. To-day, in half the states, money is available from legitimate concerns to wage-earners at a maximum of 3½ per cent. per month on unpaid balances, and usually at cheaper rates. Business with the aid of enabling legislation and earnest sociologists, has reduced by a minimum of 16½ per cent. per month the interest on small loans and supplied a respectable agency where a wage-earner might obtain credit.

Consider two cases brought to the attention of Attorney General Ottinger, of the State of New York in his drive against loan leeches:

CASE A: Young married man. Foreigner. Earning $23 a week. Wife about to become mother. Wife had hallucination that free maternity hospitals were brutal and careless. Threatened to drink poison unless taken to "pay" hospital. One hundred dollars needed. Husband working twelve to fourteen hours nightly and hunting loan during day. Tired—desperate—thinking of theft.

CASE B. The money for child birth expenses had been just as desperately needed as in Case A, but obtained in last resort from loan shark. Payments could not be met. Loan shark harassed wife at home and husband at work. Family standard of living constantly lowered.

Here were two wives, facing crises involving the lives of two persons, under an added mental strain that ought never to have been present. Does anyone mean to argue that business cannot finance the family, the basis of society, when it can finance an entire nation?

We counsel "democracy in finance" but it has remained for the Mussolini dictatorship to finance families. In Italy to-day, newlyweds can get a loan of $529 at nominal interest, repayable in three years.

The family is a most stable group—it has a record of earnings over a period of years that any stock market leader might envy. Only 18,000 wage-earners in 1928 in the entire United States took the bankruptcy route to discharge debts. Few are like that Pennsylvania debtor who contended "it being against my principle to pay interest and against my interest to pay principal, I shall pay neither."

The first task confronting business was to find out the natural price of money for small loans. The second job was to obtain the necessary enabling legislation which would attract decent capital. These first two stages are well under way, but already a third is under survey and experiment. This is the stage of applying business methods and economies toward reduction in the price of small loans.

Early in the fight it was necessary to convince the public that family emergencies occur regularly which only money can meet. If the price paid for emergency credit is high, then family life suffers. If it is reasonable, family disintegration is prevented—the children remain in school, thrift improves, and the unit remains a going concern. A loan-shark loan of $100 to a wage-earner in need usually will cost an additional $150 in interest before a year has elapsed, and the borrower often has not reduced the principal. This wastage reduces the standard of living of the average United States family by 7½ per cent. The most expensive legal loan by a legitimate lender to poor persons in New Jersey, for example, costs $19.50, if paid within a year—an average of $1.62½ per month, and is but 1 per cent of their income.

Which is better for society?

Despite this, just about half the States allow lawful and specialized finance companies to handle small loans. In the remaining half, emergency loans still cost the borrower 20 per cent a month, if he is without collateral, pledge or endorser.

The small loan business has grown along two distinct lines, distinguished by the security required, but known commonly as "industrial lending" and "industrial banking." The industrial lender lends to individuals on chattels and wages and charges interest on unpaid balances, with loans limited to $300. The industrial banker discounts notes signed by borrowers and two or more co-makers, requires instalment repayments, and is usually limited to $5,000 for a single loan.

The business of lending small sums has made several forward strides in twenty years. It has developed a recognized technique of investigation and collection, and has an "experience table" of losses that is a valuable gauge for extending credit.

But the real attack on the high cost of small credits has just begun. The present stage is marked by the application to the small loan business of methods and ingenuities which have proved successful in industry and trade.

Mergers, combinations, new and cheaper financing, rediscounting, chain systems, extra services to borrowers, etc., are in the wind, and the savings effected ought to be passed along to the borrower.

The major items of expense which make small loans costly are the costs of capital, investigation and collection. The most important reason for expensive consumer credit is the huge price paid for loanable funds. Banking institutions have an average cost of not more than 2 per cent for loan funds, while industrial banks and industrial loan companies have had exceedingly high cost money. The industrial lender, for example, who accommodates the marginal borrower, has paid from 10 per cent to 15 per cent for public funds. This has tended to keep the business in the hands of individuals, whereas industrial banks, which have received deposits on the issuance of certificates of deposits, of indebtedness, or of investment, have tended to be concentrated in "chains," "systems," or "plans." Quite recently the Industrial Finance Corporation, one of the Morris Plan family, offered to the public, through the Manufacturers' Trust Company of New York, $5,000,000, three-year 5¼ per cent. notes at 99¼. Prior to this issue, the same group brought out bonds of the Morris Plan Shares Corporation. The Morris Plan Bank of New York has

more than $25,000,000 of public money, which it is holding at 5 per cent.

No securities of chattle or wage loan companies have ever been listed previously on any of the various stock exchanges. This in itself has been a bar to cheaper money. None of the large investment houses have handled, until now, any issues of securities for these companies. However, at least one listing has been made and another is in preparation. This should accomplish a reduction of from 20 per cent to 40 per cent in the cost of loanable funds. Translated into business terms, this means that loan companies should soon compete for investment funds on a parity with all other reputable enterprises seeking "other people's money."

Until recently, small loan companies were limited in loanable funds to the private capital of entrepreneurs and the proceeds from sales of debentures and stock. No mechanism existed for rediscounting or pyramiding loans by hypothecating the notes of borrowers. Banks limited the lines of credit of small loan companies to nominal amounts for short periods, mainly because the notes of wage-earners were not considered first-class security. Only of late, through the wide experience of instalment financing, have we learned that the current flow of wages, with its wide diffusion of risk, is a better security than a foreign nation tottering on the brink of bankruptcy.

One ingenious and illegal scheme of rediscounting came to light last year, mainly through the alertness of two keen investigators representing the banking departments of two adjoining mid-Western States. A banker in one State opened a loan company across the river in another State. Here he accepted notes of wage-earners which recited only the final maturity date and did not mention a separate contract for instalment repayments. Then, as president of the bank, he arranged to discount the notes given the loan company at a high percentage of maturity amounts. This supplied funds for additional small loans, and the loan company was meanwhile relending the instalment repayments. The scheme might have worked indefinitely if not for the discovery.

Legitimate refinancing now is sometimes accomplished by the trustee process—sometimes by short term certificates of indebtedness—sometimes by better lines of bank credit. The chain lender enjoys the advantage of shifting surplus funds to districts having heavy loan demands. But with all these recently developed facilities there is nothing yet for financing family loans comparable to the workability and magnitude of the plan for refinancing instalment sales.

The most healthy prospect for cheaper consumer credit is the entrance of commercial banks into the field of small co-maker loans, which has been dramatized by the National City Bank of New York. Not only will useful service be rendered to borrowers who can supply endorsers, but the movement for saner basic financing of families has already received considerable emphasis by this recognition of commercial banks, which utilize their established systems of investigation, collection, and their cheaper money. Thus the reservoirs of deposit funds created by working classes, which formerly were available only for production purposes, now can be used by consumers.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass. Information upon request.

Several banks have cut below the rates of the industrial banks for co-maker loans. The Amalgamated Bank of New York for two years has been making small loans at $4 discount on a $100 note, repayable in ten months, which is about one-half the rate of the New York loan and investment companies which make similar loans. The National City Bank's plan costs the borrower $4.63 for a discounted $100 note, repayable in one year. Banks are able to do this because of their deposit funds. Mr. Frank Bennett, editor of the United States *Investor*, estimated last year that a bank would have to charge at least 40 per cent per annum to cover loans, with average rate of profit, if all loans were made solely from its own capital.

The co-maker loan business has had wider spread in recent years than any other form of consumers' lending, particularly if the business of the credit unions is added. In addition, there is a tremendous volume of co-maker loan transactions by *"axias,"* mutual loan and thrift associations which thrive "without benefit of law" among neighborhood and racial groups. It is estimated that 3,000 axias operate in New York City.

To some observers, the entry of the "personal loan departments" of powerful banks may foreshadow a credit war, with the established banks on one side, arrayed against the industrial banks, credit unions, and axias on the other. To others the system of lending that is predicated upon the guaranteeing of a loan by two co-signers who receive no part of the loan seems uneconomic, and destined to fall. In either event, the borrower ought to

INTRODUCING—

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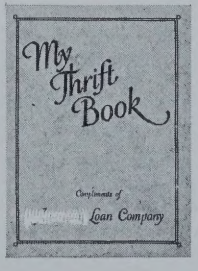
"MY THRIFT BOOK"



He never quits, nor gets discouraged, finds nobody "out," never goes "slow," wastes no time . . . .

He can cover a town anywhere in the United States for two cents per call. Can make hundreds of effective calls in an hour's time, cover an entire territory in a day . . . .

He cooperates unselfishly—aids advertising—gives customers invaluable service—builds goodwill—and is the greatest "recommend-getter" in the world.

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profit by cheaper funds. The Department of Remedial Loans, of the Russell Sage Foundation, estimates that the family of average income needs credit at least once every two years, for illness, death, childbirth, home financing, or other emergencies. The Metropolitan Life Insurance Company survey reports the average cost of funerals in New York to be $772, child-birth $200, operations average the same,—expenses larger than the average cash savings of wage-earners.

So far, loan companies have not approached the low average "look-up" cost attained by instalment houses, but, because of the closer investigation, collection costs and losses are smaller. The technique of collection is developed remarkably. Consider the worker whose emergency requires a loan. The temporary extension of credit does not increase his income, in fact it reduces it by the amount of interest paid. The lender requires family budgeting and ceaseless but courteous attention to delinquents. Loss ratios are small—in New Jersey in 1926 small loan licensees charged off 92/100 of 1 per cent for bad debts, but the same statistics show that a large part of the interest dollar collected was spent in the eternal insistence that borrowers pay their debts.

Combinations and mergers are the order of to-day. It is not surprising, therefore, to find the following advertisement appearing in the April, 1928, issue of the INDUSTRIAL LENDERS NEWS:

ATTENTION

Owners of Loan Offices in America

"A consolidation or merger of independent small loan offices is proposed in the 25 States having a uniform small loan law.

"One office only in each city having a population of 25,000 or more will be eligible.

"Qualified owners will have the opportunity to be retained as managing vice-presidents or executives."

Several industrial banking chains are in process of reorganization and refinancing. The Citizen's System, with headquarters in St. Louis, recently changed ownership, control being bought by a group of New York capitalists who plan wider extension of the "system" which has installed companies in 49 cities. The Wimsett Plan, which has formed the greatest number of companies of any industrial banking chain, has been reorganized and has under way new financing for wide extension beyond its record of 123 units.

Until now, industrial lenders and industrial banks have had little competition, each dealing with a different stratum of borrowers, with the industrial bank making co-maker loans to higher grades of risk at about half the cost of wage and chattel loans. Recent developments point to competition. The industrial banks have cheaper funds and are experimenting with chattel loans. A Morris Plan company in Springfield, Massachusetts, was organized especially for such loans. It is definitely known that other chains will widely extend such "personal" or "household" loans if profitable. Most industrial banks can do this business at a reduction in cost of 1 per cent per month below the usual cost to the industrial lender who specializes in wage and chattel loans.

Out in Nebraska, the Allied Securities Company, of which Charles W. Bryan, Democratic Vice Presidential Candidate in 1924, is chairman of the board, and Judge R. C. Roper is president, is sponsoring the "department store, chain store plan applied to seventeen related financial lines of business." Another small loan group in the East plans to give the small borrower, under one roof, all the financial services he requires, such as the drawing of wills and other legal papers, legal advice, insurance, small loans, etc.

Thrift is the only antidote for usury, but the small loan business has never been successfully combined with thrift-by-small-instalments. Not that thrift has lacked gospelers, but it has few successful catchwords. Love for thrift is an acquired taste, as we say of olives. Half the misery that loan sharks cause could be prevented if the borrower had available $100 for emergencies. Too few of our loan agencies are making progress in developing thrift. It ought to be possible for a saver to accumulate small amounts in a type of security or holding that will expand his emergency credit to five times his savings. Already many mutual cooperative credit unions do this, and thus a holder of $100 in shares can borrow $500 for a worthy purpose.

The "loan shark" problem is really the problem of family finance. Borrowing cannot diminish, but aid for the grave crises can be given by cheap loans. Stabilization of consumer credit extension, and lower interest rates, will follow but the basis of credit will rest upon experience tables fitted to the status of the borrower and not to his security. In automobile instalment sales financing, ratios are keyed not to the buyer's abilities, but to a fixed percentage of down payment and a limited number of months in which the balance must be paid. Loan credit is based on the annual family income, trade or occupation, regularity of employment, but most of all, upon the previous record for meeting obligations. In New York City, for example, standard loan societies will not grant loans to certain types of city employees. A postal employee has no borrowing status due to the inability to garnish his wages in event of payment default. The taxi-driver in New York has his credit rating fixed at $50 by some loan institutions.

A Bradstreet and a Dun to rate responsible families, and a development of budget planning that will have in mind, not one year's dribble of income and expenses, but several years of family finances, is the next step. Already the financing of home purchases extends over eighteen years. The savings necessary for the education of children, insurance, purchase of furniture, etc., are not matters of a few months but of many years.

It is not unlikely that a rediscount market will develop or that Federal Reserve requirements will be modified to handle the paper growing out of consumers' loans. An investment trust, dealing mainly with securities of small loan companies, is now under consideration.

The future institution that will extend family credit probably will use other people's money, a large part of which will be obtained from thrift by small instalment payments. Saving will be popularized and made easy. These thrift certificates will have a ready pledge value for emergency loans. Credit will be based, not on co-makers' loans, chattels, wages or jewelry, but on the credit rating of the borrower. Repayments will be keyed to budget requirements. Long term loans will bear cheaper interest rates. Investigation costs will be reduced by using the joint experience of all businesses that extend credit. Loss ratios will be anticipated, and insured against. The machinery for legal collection of delinquent accounts will be simplified, but there will be larger exemptions from garnishment. A rediscount market will amplify loanable funds. The institution will provide kindred financial and legal services which borrowers require, and will point out advantages of buying for cash. Surplus loan funds will be invested in stable securities, thus accomplishing a modified investment trust. Finally, emphasis will be placed on thrift.

The Church long ago discarded its early dogma against usury. Society has learned that the opprobrium of "loan shark," "Shylock," "usurer," has not prevented but merely demoralized the business of lending small sums. The State has discovered that restrictive and penal law does not make small loans available. It has been left to business to work out the practical solution of a problem arising from the business of living.—*Forbes for June 15, 1928.*

TENNESSEE

The quarterly meeting of the Tennessee Industrial Lenders Association was held at the Andrew Jackson Hotel in Nashville, Thursday, June 7th.

This was one of our most successful meetings, all members being present.

The meeting was begun with a luncheon, presiding C. G. Liggett, Central Supervisor for the Beneficial Operating Bureau, who opened with a very interesting address telling the visitors present of the loan business, stating to them the aims of the Association and of what it had accomplished in Tennessee toward removing the high rate lenders and keeping the present day licensees clean. Mr. Liggett, who is a nationally-known loan man, and in the course of his travels and work visits many states, told of his experiences in the different cities and of the way the business was conducted and of the high plain it had attained in the

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INDUSTRIAL LENDERS NEWS

Harrisburg, Pa.

commercial and economic make-up of the country. His remarks were very enthusiastically received and made a good impression upon our guests. We were very fortunate in having such a man as Mr. Liggett to give the proper interpretation of our business.

The guests were H. L. Crigsbee, State Bank Examiner, who made a very interesting address telling of the difference between the bank and the loan office and spoke of the difficulty of getting around to the offices for examination. He also spoke of the difference between the old lenders and the new and complimented the present lenders very highly because of the fact that no complaints had been made to his department stating that before the uniform law was passed that his department was flooded with complaints. He encouraged all lenders to be clean and insisted that licensees get into the association and work to improve their business. He assured us that we were doing a public service and that the rate was not too high. He stated that he would be glad to assist us in any way and more especially to curb bad practices.

Another guest was our old friend Thomas Schriver, prominent Nashville attorney, he being one of the very important factors incidental to the passage of the uniform law and has worked untiringly in our behalf since its passage. He spoke of the advantages of the law and of its good, telling how it had run the high rate lenders out of business. Mr. Schriver has made a very thorough study of the uniform law and he spoke favorably of our business telling of the difference in rate. He complimented the association upon its service to the lenders telling us that there were no complaints from the railroads or traction companies and other large employers about their employees being held up.

Harry Nelson, another guest, who is connected with the Department of Labor, State of Tennessee, delivered a very interesting talk upon the operation of the old loan sharks, he having represented labor in Nashville for a number of years and saw the suffering imposed upon the laboring class of people by the lenders who operated before the uniform law was passed. He assured the members of the association that he would be more than glad to assist them in preserving the law so long as the lenders conducted themselves in such a way that there was no complaints.

G. W. Nolan, prominent manufacturer of Nashville, was then introduced. He talked of the outside viewpoint of our business, advising us to so conduct ourselves as to win the confidence of the public, encouraging and insisting that all lenders should become members of the State association so that they could help carry on a campaign of education telling the public of their services. He showed by the following illustration that every one was charged for service by stating that he had that day advanced one employee $25 to have wife operated on because the physician would operate for $25 cash or for $50 on time. Showing that all professional or business men charge for service extended and that all charged more profit than we.

Mr. Umstead, Vice-President of the American National Bank of Nashville, was next introduced. He addressed the meeting telling us that all banks should help us, that we do not compete with

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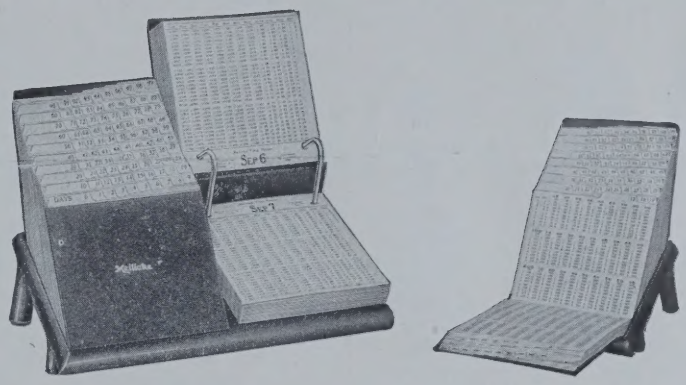

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them. We really helped them by taking care of the class of people who were so unfortunate as to not have banking credit. He talked of the Thrift Book used by all offices operated by Beneficial Operating Bureau, stating that all banks should appreciate it because of the fact that we are rendering aid to their business by getting people out of debt and teaching them thrift so that they will eventually open a savings account.

The luncheon was adjourned and the business meeting was opened. It was called to order by Chairman John Richards of Knoxville.

All members, as previously stated, were present. The minutes of last meeting were read and approved. The secretary reported that all association dues were paid up on all members of the State and that two members had been added since last meeting, they being Family Loan Society of Knoxville, Tenn., and the Personal Finance Company of Johnson City, Tenn.

The next meeting was voted to be held in Memphis, Tenn., on Sept. 6, 1928, at Peabody Hotel.

Chairman Richards made an address to the convention expressing to Mr. Liggett the gratitude we felt toward him for his untiring efforts in our behalf telling the members that no other prominent loan man had taken as much interest in the association and that Mr. Liggett had always found time to be present coming from distant points just for the meeting. He moved that a vote of thanks be given Mr. Liggett which was promptly seconded and adopted.

Mr. Liggett responded with an address expressing appreciation and stressing the fact that the lenders must keep clean, that they must not use questionable methods in their business, that everything should be open and above board, that our business be operated to win the confidence of the public. He stated further that in a city where there are four or more companies that an exchange should be established by all means so that no one borrower would be over-loaded, he telling the lenders that the exchange was not for their benefit but for the protection of the borrower.

G. B. Love, *Secretary.*

BENEFICIAL OPERATING BUREAU, INC., HOLDS QUARTERLY SUPERVISION AND AUDIT CONFERENCE

At the Hotel Pennsylvania, New York City

VISITORS HEAR INTERESTING TALKS ON THE LOAN BUSINESS

Beneficial Operating Bureau, Inc., held its Tenth Quarterly Supervision and Audit Conference at the Hotel Pennsylvania, New York City, June 21, 22 and 23. The meeting was presided over by Mr. Charles H. Watts, President of the Operating Bureau. A detailed program of business was carried out and several interesting luncheon and after-dinner talks were heard.

The Conference opened Thursday morning, June 21st, in the Pennsylvania Roof Garden with over eighty-five executives in attendance. At the luncheon that day the meeting was addressed by Dr. George Filipetti, Professor of Business Administration, Columbia University, on the Economic Status of Consumer Credit, and the part played therein by the Small Loan business. Dr. Filipetti went into a very profound discussion of Small Loan bbusiness, its relation to consumer credit, and the economic basis upon which its future must be built. He explained the fallacy of calling producer-credit productive to society and consumer-credit destructive to society. He emphasized the fact that consumer-credit is just as important as producer-credit and that in many cases, especially as shown by the worthy purposes for which most small loans are made, consumer-credit may be more productive than the time-honored and traditional extension of producer-credit.

Further in his speech, Dr. Filipetti enlarged upon the necessity of the correct public presentation of the Small Loan business as carried on by licensed industrial lenders. It is his thought that much good-will advertising and publicity is needed to show what an important factor the Small Loan business has become in the economic business life of the nation. He compared the stages through which banking had to go, to those which Small Loan business has been and still is going through.

Thursday evening at the dinner served in the Southwest Ball Room, after renditions of specially prepared songs, speeches were given by Mr. Caspersen, First Vice-President, and Mr. Watts, President. Edmund R. Beckwith, Esq., General Attorney, scintillated in the role of Toastmaster. Mr. Caspersen spoke briefly of the great success of the newest affiliated corporation under the management of the Beneficial Operating Bureau, namely, Industrial Bankers of America, Inc. Mr. Watts then addressed the gathering on the subject of "Executive Management." "An executive in the real sense of the word must first be master of himself," Mr. Watts said. "Before he is able to impart the spirit of progress to others his vision must be spiritual rather than mechanical—he must be able to visualize himself as a part of the perfected whole years hence, for only then will he be able to raise his subordinates to a level to accomplish efficiently the things to be done."

Following the talks and the witty remarks of the Toastmaster, a chorus composed of seven young ladies of the Beneficial Operating Bureau rendered songs which were beautiful as well as amusing.

The business of the Conference was conducted as usual during the Friday morning session, June 22d. At the luncheon that day the meeting was addressed by Dr. Raymond Walters, Dean of Swarthmore College on the subject of "Education in Business." Dean Walters gave an inspirational and enlightening speech emphasizing the necessity of choosing men not only for scholastic ability but also for traits of character, integrity, and personality shown. He stated, however, that statistics show that in the most select groups of successful men, those who had more than ordinary education and who had made the highest grades in the attainmen of that education formed the greater percentage.

An informal dinner was held on the Pennsylvania Roof at 6 p. m. Later in the evening the members of the Conference were guests at a theatre party at the George M. Cohan Theatre where they witnessed Joe Cook in a delightful and oftentimes hilarious musical comedy entitled "Rain or Shine."

Saturday forenoon the business of the Conference was brought to a close and adjournment made at 1 p. m. It was the express belief of all that the Quarterly Conferences were "bigger and better" every time and the next one to be held in October is looked forward to with keen anticipation.

Those attending the three-day session of the Conference were: Charles H. Watts, Chairman and President; O. W. Caspersen, First Vice-President; R. E. Tucker, Comptroller; R. D. Shepard, General Auditor; E. L. Kincaid, Treasurer; David H. Finck, Educational Director; Leon J. Ingram, Assistant to President; Dr. M. R. Neifeld, Statistician; Philip Kapinas, Assistant to First Vice-President; H. E. Denegar, Advertising Manager; Frederick Fischer, Collection Manager; George Hodson, Director of Dollar Monthly Plan; T. L. Edholm, Purchasing Agent; C. B. Baldwin, Director of Supervision; Glenn S. Knapp, Director of Supervision; Albert G. Morhart, Audit Examiner; J. E. Holleman, Headquarters Auditor; H. F. Murphy, General Accountant; Wm. C. Tadley, Jr., Loan Office Bookkeeper; A. T. Griswold, Cashier; Paul A. Seibold, Control Chief; E. G. Griffith, Corporation Service; C. B. Meehan, Tax Accounting Section; Ernest Davids, Advertising Production; James F. Humes, Assistant Statistician; Paul V. Hough, Manual Chief; Edmund R. Beckwith, Esq., General Attorney; Jackson R. Collins, Esq., Tax Section; W. S. Keaver, Esq., Assistant General Attorney; Virgil C. Moore, Blue Sky Section; M. James Stevens, Senior Instructor, Industrial Lenders Technical Institute.

The traveling staff was represented by Northern Supervisor A. G. Zimmerman and Northern Assistant Supervisors H. A. Morgan, F. A. Reed and T. M. Fitzgibbons; Eastern Supervisor E. C. Millard, Assistant Eastern Supervisors G. W. Curry H. C. Moore, R. S. Kreps, M. L. Dobyns; Southern Supervisor E. F. Moore, Southern Assistant Supervisors J. C. Lewis, P. C. Hess, J. H. Wickstrom; Central Supervisor C. G. Liggett, Central Assistant Supervisors A. C. Christensen, Martin F. Snyder, C. A. Miller; Western Supervisor E. R. Klein, Western Assistant Supervisors Alan K. Dolliver, A. D. Bennett and F. C. Hallowell, and Assistant Supervisor (in training) Harry Russell; Supervisor of Auditors Fred L. Wright and Assistant Auditors A. A. Naltner, C. H. Wilcoxen, J. V. Cromwell, F. K. Tidd, A. J. Eardensohn, H. C. Riley, W. Clyde Bookman, E. R. Kichline, P. W. Staples, C. F. Berquist, L. W. Kelber.

Because of sickness, Mr. W. H. Coss and Mr. Henry Disser, Assistant Auditors, were unable to attend the Conference. Group messages of regret were sent to them by those present.

NEW MEMBERS

The A. I. L. A. continues to grow. Note the new members enrolled recently:

Personal Finance Co., N. W. Cor. First Ave. & 12th St., Columbus, Ga.; Personal Finance Co., S. W. Cor. Flagler St., Miami, Fla.; Personal Finance Co.,

S. W. Cor. 4th & Main Sts., Joplin, Mo.; Personal Finance Co., S. W. Cor. Felix & 5th Sts., St. Joseph, Mo.; Beneficial Loan Society, 23 Central Ave., Lynn, Mass.; Personal Finance Co., Cor. Broadway & Erie Ave., Lorain, Ohio; Credit Service, Inc., of Baltimore, 207 W. Fayette St., Baltimore, Md.; Personal Finance Co., N. W. Cor. Fountain Square, Johnson City, Tenn.; Credit Small Loan Service, Inc.; 209 E. Grace St., Richmond, Va.; Personal Finance Co., N. E. Cor. Olive & 8th Sts., St. Louis, Mo.; Industrial Service, Inc., 405 N. Howard St., Baltimore, Md.; Somerset Loan Co., 1 West Main St., Somerville, N. J.; Personal Finance Co., 407 National Bank Bldg., Coatesville, Pa.; Mr. R. C. Dawson, 129 Penna. Ave., West, Warren, Pa.; Personal Finance Co., 1st floor, Sunbury Tr. Bldg., Sunbury, Pa.; Alabama Cash Credit Corp., 157 Conti St., Mobile, Ala.; New Jersey Cash Credit Corp., 54 Broad St., Red Bank, N. J.; Maryland Cash Credit Corp., 902 West 36th St., Baltimore, Md.; Badger State Cash Credit Corp., 201 Sixth St., Racine, Wis.; Personal Finance Co., 1123 7th Ave., Beaver Falls, Pa.; Personal Finance Co., 508 Butler Co. Natl. Bank Bldg., Butler, Pa.; Personal Finance Co., Room 12, Collins Bldg., Charleroi, Pa.; Personal Finance Co., 235 High St., Morgantown, W. Va.; Household Finance Corporation, 316 First Natl. Bank Bldg., Madison, Wis.; Household Finance Corporation, 404 State Bank Bldg., LaCrosse, Wis.; Household Finance Corporation, 410 American Natl. Bank Bldg., Wausau, Wis.; Metro Loan Co., 235 Murphy Bldg., E. St. Louis, Ill.; Chattel Loan Society of New York, Inc, 45 East 17th St., New York City; Personal Finance Co., 407 Kearny Ave., Kearny, N. J.; Personal Finance Co., 305 Oil City National Bank Bldg., Oil City, Pa.; Lincoln Loan Co., 205 Straus Bldg., Milwaukee, Wis.; The Industrial Finance Co., 215 Spitzer Bldg., Toledo, Ohio; Personal Finance Co., 307 Federal St., Bluefield, W. Va.

LOCAL EXCHANGES

(Continued)

PITTSBURGH, PA., June 14, 1928.

The regular monthly meeting of the Pittsburgh Industrial Lender's Association was held in the Dutch-Room of the Fort Pitt Hotel, Thursday evening, June 14, 1928, at 6:00 p. m.

After a delightful dinner which was arranged for by our Mr. C. F. Northart, the meeting was called to order by Chairman Mr. C. W. Loupe and upon motion made by Mr. Kent and seconded by Mr. Fisher, the minutes of the previous meeting were approved as distributed and upon request for the roll call, the secretary reported the following members present: Mr. Frye, Mr. Loupe, Mr. Marxsen, Mr. McCartney, Mr. Hartman, Mr. Thale, Mr. Dornhoefer, Mr. Kent, Mr. Renner, Mr. Martin, Mr. Northart, Mr. Fisher, Mr. Easley, Mr. McKinney, Mr. Smith and Mr. Kaufman.

TREASURER'S REPORT

Cash in bank, May 1, 1928	$147.03
Dues from members for month of May, 18x15	270.00
	$417.03

DISBURSEMENTS

Fort Pitt Hotel Ass'n dinner, May 3d	$35.00
1 box single size plain paper ..	3.50
Telephone bill for May	22.79
Office rent for May	37.50
Operator's salary period ending May 15th	67.50
2 box large manilla envelopes ..	4.00
Operator's salary period ending May 31	67.50
	$237.79
Cash in bank, June 1st	179.24
	$417.03

Respectfully submitted,
A. H. THALE, *Treas.*

Upon motion made by Mr. Marxsen and seconded by Mr. Hartman, the report of the treasurer was accepted and ordered spread on the minutes.

EXCHANGE COMMITTEE

Chairman Loupe addressed the members at this time, thanking them for their coöperation in sending the necessary information to the Exchange office as requested at our last meeting and we again put considerable stress on the necessity of marking all applications as to the party being a widow, son, daughter, co-signer, previous address and whether the applicant is colored or not, by designating same by "C." A lengthy discussion followed regarding the advisability of giving the occupation on the Exchange report and the majority of the members finally agreed that this information, although valuable, would not be deemed necessary at the present time.

PUBLICITY COMMITTEE

Mr. Renner, who had charge of the Publicity for the Association, requested the chair at this time that he be relieved, owing to the fact that he was unable to give the necessary time to this work, and upon request by the chair for volunteers to take this position, Mr. Frye volunteered and was appointed by the chair to take charge of the Publicity hereafter. Mr. Frye was at this time thanked by the chair for accepting this position, and the members agreed to assist him in obtaining any publicity for the Association.

SPECIAL COMMITTEE

Mr. Fisher at this time requested the secretary as to what uniform holidays were being observed in Pennsylvania and the secretary advised that no information had been obtained from the Pennsylvania Association at the present time and requested that the matter be held over until the next meeting.

NEW BUSINESS

Chairman Loupe addressed the meeting at this time and advised the members that applications or membership of the following companies were in the hands of the secretary:

No. 20. Personal Finance Co. of Charleroi, J. B. Slaine, Mgr., Room No. 12, Collins Bldg., Charleroi, Pa.

No. 21. The Empire Finance Co., T. M. McKinney, Mgr., 602 Park Bldg., Pittsburgh, Pa.

No. 22. Ohio Finance Co., W. R. Smith, Mgr., 1204 1st National Bank Bldg., Pittsburgh, Pa.

Chairman Loupe requested the members' action on these applications and on motion made by Mr. Hartman and seconded by Mr. Fisher, the applications of these three members were accepted and unanimously voted to membership. Mr. Loupe at this time addressed the new members, stating that he hoped the Pittsburgh Exchange would be of value to them and that they would coöperate in full extent and adhere to the By-Laws of the Association. Mr. Loupe also called the members' attention at this time to arrange the Exchange reports in alphabetical form when mailed to the Exchange office and thereby assist the operator in giving more accurate reports.

A general discussion took place at this time by the members in reference to the advisability of Automobile Loans being made without paying off companies who held loans against the same parties and the Secretary at this time called the members' attention to the By-Laws of the Association which require that any member making a loan to any party is required to pay off any existing loans or obtain the consent of making an additional loan from the party holding the original loan. No further business being before the meeting at this time, Chairman Loupe called the members' attention to a summer meeting and outing and at this time appointed Mr. Northart, Mr. Fisher and Mr. Marxsen as a committee to arrange a special meeting and outing for July 7th. Chairman Loupe at this time called on Mr. Otte, Supervisor of the United Small Loan Corporation, and Mr. Otte gave a short talk on the advisability of Exchange Offices and hoped that the offices doing business in the vicinity of Pittsburgh could in some way be induced to join the Pittsburgh Exchange.

Mr. Thale at this time upon request from the members who attended the Altoona State Meeting, extended his thanks to Chairman Loupe for the supply of cigars which our chairman so thoughtfully supplied to the members on their trip to Altoona. No further business being before the meeting at this time, a motion was made by Mr. Northart and seconded by Mr. Fisher to adjourn.

A. H. THALE, *Secretary.*

FLORIDA

The regular meeting of the Florida Industrial Lenders Association was held in the offices of the Personal Finance Company of Tampa, June 20, 1928.

Vice-chairman, W. C. Tinsley called meeting to order promptly at 7:30 p. m.

The minutes of the previous meeting were read and on motion duly seconded were approved. The following members were present and answered the Roll Call: W. C. Tinsley, of Mutual Finance Company of Tampa; C. S. Phillips, of Beneficial Loan Society; A. T. Remilen, of Franklin Finance Co. of Tampa and J. R. Standring and J. J. Gallagher, of Personal Finance Co. of Tampa.

The secretary reported there are sixteen (16) licensees in the State. Out of this number eight are members of the Association in good standing.

The treasurer reported a balance of $167.00 in the treasury with all bills paid to date. At this time there was a general discussion concerning other loan companies throughout the State, who were operating without a license and charging

illegal rates. It was agreed however that nothing definite be done at this time. The secretary called to the attention of the members that every member was a member of the Vigilance Committee and that all possible information should be gathered for future use.

The application for membership in the State Association of the Personal Finance Company of Miami was placed before the members and on motion made by C. S. Phillips and seconded by J. J. Gallagher, the Personal Finance Compay of Miami was made a member. There being no further business, the meeting was adjourned. J. R. STANDRING, *Sec.*

IMPORTANT DECISIONS

Welfare Loan Society of Des Moines v. City of Des Moines. (No. 38748)

SUPREME COURT OF IOWA. MAY 15, 1928

Taxation 12—Property of small loan corporation held not taxable as "moneyed capital in competition with national banks" (12 USCA § 548; Code 1924, §§ 6985, 7005, 9410-9438).

Corporation organized and licensed to do business under Code 1924, §§ 9410-9438, providing for chattel loans, limited to $300 in amount to any one person, *held* not a competitor of national banks under U. S. Rev. St. § 5219, as amended (12 USCA § 548) so as to make its property taxable as "moneyed capital" under Code 1924, § 7005; hence it was taxable under section 6985.

Appeal from District Court, Polk County; O. S. Franklin, Judge.

Appeal from the ruling of the district court on an appeal taken thereto from the action of the Board of Review of the City of Des Moines in classifying and assessing the property of plaintiff. Affirmed.

Reson S. Jones, Chauncey A. Weaver, George W. Vest, and Don G. Allen, all of Des Moines, for appellant.

Dunshee & Brody, of Des Moines, for appellee.

Albert, J. Plaintiff is an Iowa corporation licensed to do business under the Iowa Chattel Loans' Law, known as chapter 419, Code of 1924. The statutory statement was filed by the plaintiff with the assessor of said city setting forth the assets and liabilities of the company as of January 1, 1925 (less the real estate) at $21,263. The assessor classified plaintiff's property as other "moneyed capital within the meaning of section 5219 and amendments to the Revised Statutes of the United States" referred to in section 7005, Code 1924. In due time and form, plaintiff filed a complaint with the board of review of said city, objecting to said classification and assessment. Plaintiff's objections were overruled by the board, but the valuation was reduced by the board to $13,820. In due time and form, plaintiff appealed to the district court from this action of the board of review.

As above stated, plaintiff corporation was organized and licensed to do business under chapter 419, Code 1924. It is limited to $300 in the amount of business it may do with any one person, and the rate of interest charged is not to exceed 3½ per cent per month. It may therefore be properly termed as a "small loan" corporation, instituted primarily to deal with chattel loans as indicated by the heading of this chapter, and was instituted for the purpose of protecting the poorer class of people who are compelled by necessity to borrow on their household goods and small holdings of property.

Section 6985, Code 1924, provides:

"Moneys, credits, and corporation shares or stocks, except as otherwise provided, cash, circulating notes of national banking associations, and United States legal tender notes, and other notes, and certificates of the United States payable on demand, and circulating or intended to circulate as currency, notes, including those secured by mortgage, accounts, contracts for cash or labor, bills of exchange, judgments, choses in action, liens of any kind, securities, debentures, bonds other than those of the United States, annuities, and corporation shares or stocks not otherwise taxed in kind, shall be assessed and excepting shares of stock of national, state, and savings banks, and loan and trust companies, and moneyed capital as hereinafter defined, shall be taxed upon the uniform basis throughout the state of five mills on the dollar of actual valuation, same to be assessed and collected where the owner resides."

It is apparent that the tax to be levied against this small loan corporation is fixed by the above-quoted section of the statute, unless it be under the exception in the statute that plaintiff's holdings come within "moneyed capital" as defined in the Code, § 7005, which reads as follows:

"All moneyed capital within the meaning of section 5219 of the Revised Statutes of the United States shall be listed and assessed against the owner thereof at his place of business, and if a corporation at its principal place of business, at the same rate as state, savings, national bank and loan and trust company stock is taxed, in the same taxing district, and at the actual value of the moneyed capital so invested."

The necessity for this definition and the exception in the statute first quoted is by reason of the aforesaid section 5219 of the Revised Statutes of the United States, which, as amended (12 USCA § 548), reads as follows:

"The Legislature of each state may determine and direct, subject to the provisions of this section, the manner and place of taxing all the shares of national banking associations located within its limits. The several states may tax said shares * * * provided the following conditions are complied with: * * *

"1. * * * (b) In the case of a tax on said shares, the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such state coming into competition with the business of national banks: Provided, that bonds, notes, or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment business and representing merely personal investments not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section."

The turning point in this case is a construction of this section of the federal statute so far as it reads "other moneyed capital in the hands of individual citizens of such state coming into competition with the business of national banks."

We are furnished with very able and extended arguments on both sides of this case, in some instances going into the history of the federal legislation and decisions on this question and various attempts that have been made by the United States Supreme Court to make a harmonious explanation of the meaning of this phase of the United States statutes, but, under the undisputed evidence, we do not feel called upon to discuss these intricate questions. Suffice to say that many cases have been decided in the state courts and in the United States Supreme Court on the question of what is moneyed capital within the meaning of section 5219 of the Revised Statutes of the United States, and also what is meant by the phrase, "coming into competition with the business of national banks." The latest expressions of the Supreme Court of the United States on this proposition is in First National Bank of Hartford, Wis., v. City of Hartford and State of Wisconsin, 273 U. S. 548, 47 S. Ct. 462, 71 L. Ed. 767; State of Minnesota v. First National Bank of St. Paul, 273 U. S. 561, 47 S. Ct. 468, 71 L. Ed. 774; Georgetown National Bank v. McFarland, 273 U. S. 568, 47 S. Ct. 467, 71 L. Ed. 779. In the first of these above-cited cases, the court said, after discussing what is meant by the term "moneyed capital":

"It is necessary also to ascertain the precise meaning to be given the statute as applied to the facts in hand in order to determine whether the particluar moneyed capital and the particular competition with which we are here concerned are moneyed capital and competition within the spirit and purpose of the statute. The question is thus a mixed one of law and fact, and in dealing with it we may review the facts in order correctly to apply the law"—citing many cases.

If we assume that the property of the plaintiff is moneyed capital, the question then is, Is it such as is contemplated by the provisions of the above act, and does it come into competition with the business of national banks? We therefore turn to the evidence to determine whether or not it justifies an affirmative answer to these two questions.

Officers from various national banks in the city of Des Moines were called to the witness stand on behalf of plaintiff, and explained their method of doing business and the handling of small loans. In each instance, however, the testimony of these officers shows that there is in fact no competition between these small loan companies and the national banks. Each has its place in the financial world, and the evidence shows that the small loan companies deal largely, if not entirely, with chattel mortgage securities within the limits of their power of loaning. The rate of interest they are permitted to charge shows on its face that in reality there could be no competition between them and the national banks. Surely, if one were seeking a loan in an amount less than $300, and could secure the same from a national bank at the rate of 8 per cent, he would not seek a loan from one of these small loan companies at 2 or 3 per cent interest per month. The small loan companies fill a necessity. In other words, to one who is compelled to seek these small loans and who cannot secure the same from a national bank, his demand is met by these institutions under the regulations of the statute. It is fairly deducible from the testimony and

[Ed. Note.—For other definitions, see Words and Phrases, First and Second Series. Moneyed Capital.]

our general knowledge of such subjects that the handling of these small loans, together with the troubles in connection therewith, is unprofitable and results in loss to a bank that attempts to handle them at current rates of interest. It is for this very reason that these small loan companies are permitted to charge the high rates of interest authorized by statute.

Our holding is that, under the testimony in the case, the business done by small loan companies such as plaintiff is not competitive business with national banks. The action of the district court in relation to this matter is correct.

Affirmed.

FAVILLE, DE GRAFF, MORLING, and WAGNER, JJ., concur.

—*Northwestern Reporter.*

Universal Loan Corporation v. Board of Review of City of Des Moines (No. 38834)

SUPREME COURT OF IOWA. MAY 15, 1928

Taxation 12—Small loans of corporation on chattles as security held not taxable as "other moneyed capital" competing with business of National Banks; "competition" (12 USCA § 548; Code 1924, §§ 6984-6986, 9410-9438).

Delaware corporation, licensed under Code 1924, §§ 9410-9438, providing for chattel loans, loaning practically all its money on security and practically none on credit of borrower, engaged in none of normal functions of state or national bank, and limiting its loans to under $300, *held* not a competitor of national banks under U. S. Rev. St. § 5219, as amended (12 USCA § 548), so as to make chattel loan contracts taxable as "other moneyed capital" coming into competition with business of national banks as defined by such section, but to be within provisions of Code 1924, §§ 6984-6986, providing for taxation of "moneys and credits," in view of §§ 9404, 9438, U. S. Rev. St. §§ 5136, 5197 (12 USCA §§ 24, 85); "competition" meaning struggle between business rivals for same business.

Appeal from District Court, Polk County; O. S. Franklin, Judge.

Appeal from a tax assessment on chattel loan contracts claimed to be improperly classified as "other money capital" instead of as "moneys and credits." The defendant, Board of Review of the City of Des Moines, Polk County, Iowa, filed general denial of improper classification. The trial court determined the equities in favor of the plaintiff and entered a decree setting aside the assessment and ordering a reassessment as "moneys and credits." Defendant appeals. Affirmed.

Reson S. Jones, Eskil C. Carlson, Chauncey A. Weaver, Don G. Allen and George W. Vest, all of Des Moines, for appellant.

Bradshaw, Schenk & Fowler, of Des Moines, for appellee.

PER CURIAM. This cause, on the facts and the law, is controlled and determined by the decision in Welfare Loan Society of Des Moines v. City of Des Moines, 219 N. W. 534, filed during the current term of this court. The only debatable question is whether or not loans made under the Iowa chattel loan statute, chapter 419 (sections 9410-9438), Code 1924, are investments coming into competition with the business of national banks; that is to say, whether loans made under the uniform small loans statute are "other moneyed capital" coming into competition with the business of national banks as defined by section 5219, Revised Statutes of the United States, as amended (12 USCA § 548).

It is the contention of the plaintiff appellee that loans made under the chattel loan statute, supra, are moneys and credits within the Iowa taxation laws, sections 6984-6986, Code 1924. Under the instant record, this proposition must be sustained.

The facts disclose that the plaintiff is a Delaware corporation doing business in the state of Iowa, and licensed under the Iowa chattel loan statute. It is engaged in business at 516 East Locust street, Des Moines. During the year 1925, and up to the time of the trial below, the plaintiff was engaged in the chattel loan business. On December 1, 1925, it had outstanding 548 loans of an average amount of $86.10 per loan, or a total of $47,183.67. With the exception of less than $100, all of this money was loaned with chattel security, principally household furniture. Practically none of the money was loaned upon the credit of the borrower.

The plaintiff exercised and engaged in none of the normal functions of a state or national bank. It accepted no deposits. Its loans were made entirely from its own capital, which was augmented by occasional borrowings either from individuals or from banks. It never made any loan over $300. It never loaned money except at the rate above the legal maximum rate in Iowa. It did not discount or negotiate commercial paper. It did not grant letters of credit. It did not issue, buy, or sell drafts or bills of exchange, nor collect commercial paper for others. It did not buy or sell coin or bullion. In brief, it did not perform the usual and ordinary functions of a bank.

Prior to the year 1925, the plaintiff's loans were always assessed in Polk County as moneys and credits under chapter 332 of the Code 1924. In 1926 the city assessor of Des Moines undertook to change the assessment roll theretofore used, and announced that he would assess the cash and the entire amount of small loans held on December 31, in the total sum of $34,052, as "bank stock and other moneyed capital." This amount was determined on the theory that such loans could probably be sold for approximately 65 per cent of their face value. The plaintiff, through its president, signed this assessment roll under protest, and from the assessment the plaintiff promptly appealed to the appellant board of review, which overruled the objections, whereupon the plaintiff appealed to the district court, and upon the trial the ruling of the board of review was reversed. This appeal presents the question heretofore stated.

The test of "other moneyed capital," under section 5219 of the Revised Statutes of the United States, is whether it comes into actual, unfriendly, substantial rivalry with the normal business of national banks. First National Bank of Hartford v. City of Hartford, 273 U. S. 548, 47 S. Ct. 462, 71 L. Ed. 767; Georgetown National Bank v. McFarland, 273 U. S. 568, 47 S. Ct. 467, 71 L. Ed. 779; First National Bank of Guthrie Center v. Anderson et al., 269 U. S. 341, 46 S. Ct. 135, 70 L. Ed. 295; People ex rel. Pratt v. Goldfogle, 242 N. Y. 277, 151 N. E. 452. This court follows whatever definition the Supreme Court of the United States gives to the words "other moneyed capital." Steele v. Madison County et al., 198 Iowa, 902, 200 N. W. 330. Competition means rivalry.

The normal business of national banks in Polk County does not include making small loans with interest at 42 per cent per year. In fact, national banks in Iowa are expressly precluded from such business. Section 9438, Code 1924. The rate of interest in Iowa, under the general law, is 8 per cent per annum. Section 9404, Code 1924. The federal law limits national banks to "interest at the rate allowed by the laws of the State" where the bank is located. Section 5197, R. S. (12 USCA § 85).

Chattel loans within the purview of the Iowa law (chapter 419, Code 1924) fall outside of the granted powers of national banks. 12 USCA, tit. 12, § 24; R. S. § 5136.

The undisputed testimony in the instant case discloses that the banks in Polk County do not engage in this class of business. It may also be said that the restrictive feature contained in section 5219, R. S., must be construed in the light of its historical purpose. The forbidden act is "to create and foster an unequal and unfriendly competition with national banks, by favoring shareholders in state banks or individuals interested in private banking or engaged in operations and investments normally common to the business of banking." First National Bank of Guthrie Center v. Anderson et al., 269 U. S. 341, 46 S. Ct. 135, 70 L. Ed. 295.

The problem of defining "other moneyed capital" as outlined in federal decisions is ultimately that of selecting those competing uses of capital which are sufficiently similar so that the relative tax burden constitutes an important feature in a choice between them. See 7 Minn. Law Review, 357.

The term "competition" is not used judicially in an academic sense that every dollar added to the vast fund of moneys and credits competes with every other dollar, but is used in its commercial sense, which means a struggle between business rivals for the same business. First National Bank of Hartford v. City of Hartford, 187 Wis. 290, 203 N. W. 721.

This appeal presents an interesting question, which involves not only its novelty in this state, but also its historical phase. We will, however, not enter these doors which have been opened by counsel in their elaborate and splendidly prepared briefs. The facts are not in dispute. The statutes under which the instant question arises are plain. We deem it unnecessary to lengthen this opinion, in view of the current decision of this court in Welfare Loan Society of Des Moines v. City of Des Moines, supra.

The decree entered by the trial court is affirmed.

EVANS, ALBERT, MORLING, FAVILLE and WAGNER, JJ., concur.

—*North Western Reporter.*

[Ed. Note.—For other definitions, see Words and Phrases, First and Second Series, Competition; Moneyed Capital.]

Success is not an accident. It comes to the man who does his work a little better than the other fellow.—*Irving T. Bush.*

The idea that men merely toil and work for the sake of preserving their bodies and procuring for themselves bread, houses and clothes, is degrading. The true origin of man's activity and creativeness lies in his unceasing impulse to embody outside himself the divine and spiritual element within him.—*Froebel.*

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GEORGIA—Atlanta, July 27.

PENNSYLVANIA—Reading, August 10.

WEST VIRGINIA—Charleston, August 10.

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Highest Court of Maryland Declares Section 16 of the Uniform Small Loan Law to be a Valid and Constitutional Enactment

Court of Appeals of Maryland
April Term, 1928
No. 39
ROY B. PALMORE
vs.
THE BALTIMORE AND OHIO RAILROAD CO., a body corporate, and Paul L. Bayer.

Judge Pattison delivered the Opinion of the Court.

In this case the appellant, Roy B. Palmore, engaged in the business of purchasing from employees of corporations all, or a portion, of their earned salaries, on February 1, 1928, bought of the appellee Paul L. Bayer, an employee of the Baltimore & Ohio Railroad Co., the other appellee, a portion of his wages earned in January, 1928, amounting to twenty-five dollars, and paid him therefor the sum of twenty-three dollars. On February 25th, thereafter, he entered into a similar transaction with the appellee Bayer for the same amount of money. The Railroad Co. was notified of the second alleged sale or assignment, but refused to recognize it. In consequence of such refusal, the appellant filed his bill against the appellees Paul L. Bayer and the Baltimore & Ohio Railroad Company, alleging the facts stated, together with other facts immaterial to the question before us, to which further reference need not be made, and asked, "(a) Discovery as to the said defendant and each of them and that they be required to discover the entire earnings of the said defendant, Paul L. Bayer, in his capacity as Carman for the month of January, 1928. (b) That the said Court may assume jurisdiction over said fund and determine the rights of the parties hereto. (c) That your Orator may have a decree in *personam* against each of the said defendants for said sum of twenty-five ($25.00) dollars."

A demurrer filed to the bill was sustained on the ground that the transaction was in fact a loan and in conflict with, and in violation of Section 16, Art. 58 A., of the Code of 1924, known as the "Petty Loan Act."

The previous sections of this article require persons, firms or corporations engaged in the business of making loans of money, etc., of the value of three hundred dollars or less at a greater rate of interest than 6% per annum, to first obtain a license therefor from the Bank Commissioner, after having given approved bond for the amount and of the character therein named and in them are also found other regulatory provisions, to which we need not more particularly refer.

Section 16, as first enacted by the *Act of 1918, Chap. 88,* was as follows:

"No licensee shall take any confession of judgment or any power of attorney, nor shall he take any note, promise to pay, or security that does not state the actual amount of the loan, the time for which it is made and the rate of interest charged, nor any instrument in which blanks are left to be filled after execution."

This section was subsequently amended by the Act of 1924, Chap. 115, by adding thereto an additional paragraph, which is as follows:

"The payment of three hundred dollars ($300.00) or less in money, credit, goods or things in action, as a consideration for any sale, assignment or order for the payment of wages, salary, commissions or other compensation for services, whether earned or to be earned, shall be deemed a loan within the provisions of this Article secured by such assignment and the amount by which such assigned compensation exceeds such payment shall be deemed interest upon such loan from the date of such payment to the date such compensation is payable. Such loan and such assignment shall be governed by and subject to the provisions of this Article."

The sole question presented by this appeal is the validity *velnon* of Sec. 16 of Art. 58 A of the Code, as above stated.

The appellee in support of his contention that the Act is valid and not subject to objection under either the State or Federal Constitution, relies upon the decision of this Court, in *Wight vs. Baltimore & Ohio Railroad Co. 146 Md. 66,* in which we held valid the Act of 1906 Chap. 379, codified as Sec. 11 to 17 inclusive, of Art. 8 of the Code, titled "Assignment of Choses in Action."

By the last named article, all assignments of wages or salary in any amounts are declared to be invalid unless certain requirements are followed, and by Section 14 of that Article, Sales, under the term "Assignments" are included therein.

It was contended by the appellant in *Wight vs. B. & O. Railroad Co. Supra,* that the assignment in that case was valid because of the unconstitutionality of said Act of 1906, Chap. 379. In support of that contention the appellant said, "so far as it deals with the claims for wages or salaries actually earned, it is clearly an unwarranted interference with the owners liberty of contract and right of property and is void under the due process guaranty of our fundamental law."

In that case we said, speaking through Judge Offutt, "This act is remedial in character, and its apparent purpose is to throw around transactions such as that involved in this case such safeguards as will protect the wage earner, who may be a party to them, from the greed and the rapacity of unscrupulous persons, who might exploit his necessities and misfortunes to his loss and their profit. That purpose is certainly within the police power of the state, and the only question open is whether in its attempt to effect that purpose the legislature has in this act violated any of the privileges secured to the citizen by the guaranties of the state or Federal Constitution. And in dealing with that question we cannot disregard the consideration that any act designed to accomplish such a purpose must be sufficiently definite and comprehensive in its selection of the means and methods designed to effect it, to frustrate the energy and ingenuity of the class at whom it is aimed, who so often regard the privilege of exploiting the necessities of borrowers as a vested property right. And while there should be no paltering with any real assault upon the rights, privileges, and immunities guaranteed to the citizen by the Constitution of this state or of the United States, on the other hand there can be no justification for resorting to strained, forced, technical, or tenuous reasoning in the construction of those charters, in order to strike down an act of the legislature passed in the ostensible exercise of the police power of the state and in the public interest. * * * The act took from the appellants no property, unless the business of buying without regulation or restraint wages at a discount is property. And while, under the facts of this case, we know of no definition of 'property' which could include that privilege, yet if that privilege could be considered property the appellants were not deprived

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of it without due process of law, whether we assume that the word 'property' relates to the particular assignment involved in this case or to the privilege of buying such assignments generally as a business, because there is nothing in the act which purports to affect rights acquired in transactions prior to its passage, and all transactions after its passage were carried on with knowledge and notice of its existence and subject to its terms. These principles are in accord with the general trend of judicial authority and may be regarded as established; for while the right to pursue any lawful occupation or calling is generally, if not universally, recognized as property within the "due process' clause of the Federal Constitution, yet, on the other hand, the right of the state to regulate such a business, when its unregulated operation may injuriously affect the welfare of others is equally well settled." And further on in the opinion Judge Offutt in dealing with the objection that the regulations and statutes under consideration unreasonably restrain the freedom of contract guaranteed to the appellants by the "due process" clause of the Federal Constitution, said "While it is true as a general rule that all competent persons are free to make any contract they please which are not contrary to public policy or positive law, that rule is subject to the qualification that the State in the exercise of its police power and in the interest of the public welfare may regulate and limit that right." *12 C. J. 948; Adair vs. U. S. 208 U. S. 161; 6 R. C. L. 269. Taylor on Due Process 493.*

The inquiry is not whether the legislature has the power to regulate a business, such as that in which the appellant was here engaged, for the protection of the public, for that power is well established, but it is whether the regulation is reasonable. By a comparison of the Statute in *Wight vs. B. & O. Railroad Co. supra,* which we held reasonable and valid, with the Statute before us, we find no additional regulatory features in the latter, to render it unreasonable or invalid.

The requirements of the Act of 1918, chap. 88, considered in the light of our decision in *Wight vs. B. & O. Railroad Co. supra,* cannot properly be said to be unreasonable, and we do not understand that the appellant so regards them. His complaint is directed to the succeeding paragraph of that Section, which was added thereto by the Acts of 1924, Chap. 115, which provides that the "consideration (when not more than three hundred dollars) for any *sale,* assignment or order for the payment of wages, salary, commissions or other compensations for services, * * * shall be deemed a *loan* * * * secured by such assignment and the amount by which such assigned compensation exceeds such payment, shall be deemed interest upon such loan * * * to be governed by and subject to the provisions of this article."

It was specially provided by the Act of 1906, Chap. 399, that the term "Assignment" therein used, included the sale of wages of any persons, or of any interest therein. The acts of 1918, Chap. 88, did not, it seems, include sales and had reference only to loans. It was because of such omission, no doubt, that said act was amended by the Acts of 1924, Chap. 115, which included within its provision, sales, assignments or orders for the payment of wages, etc. The act, as amended, including sales of wages within its provisions, cannot be distinguished from the Act of 1906, Chap. 399, which also includes sales within its provisions, and which we held in *Wight vs. B. & O. Railroad Co.* not to be unreasonable, and consequently valid.

Our decision in the last named case fully answers the contention of the appellant in this case, and the decree appealed from will be affirmed.
Filed June 21, 1928.

Decree affirmed, with costs.

True Copy:
Test: James A. Young, *Clerk.*

MOVE BY LOAN PEOPLE CAUSED HIS DISCHARGE, SUIT FOR $5,000 SAYS

The Inman Finance company and A. J. McDevitt were made defendants Saturday in a suit for $5,000 filed in Fulton superior court by F. T. Hagood, a former employee of the Southern railways system, who charges the defendants with serving a salary assignment made by himself on the railroad and causing him to lose his position.

The suit sets up allegations of the plaintiff that the loan company is not licensed by the state banking department to engage in the "small loan" business and should have ascertained the legality of its claim before presenting it in such a way as to cause his discharge by the road, which has a rule prohibiting employees from making salary assignments, the suit states.

The plaintiff alleges that he gave the defendants the salary assignment on an original loan of "$3 to be held as security," and for no other purpose.

The suit was filed by J. L. R. Boyd, attorney, in connection with the campaign being conducted by the legal aid committee of the junior chamber of commerce.—*Atlanta Journal,* 7-8-28.

STATE COURTS ASKED TO DECIDE HOW MANY DAYS ARE IN MONTH

The courts of Georgia are being called on to determine how many days constitute a calendar month. The question arose originally in the Atlanta Municipal court, where the Popular Finance company sued William D. Mathis for the amount of a bond on a small loan.

Mathis contended in his defense that the finance company charged him more interest during some months than in others. The finance company replied that under the law it was permitted to collect 3½ per cent of the face value of the loan every 30 days.

Mathis further contended that he had agreed to pay 3½ per cent a month, which, according to his reckoning, was 31 days.

The court held with Mathis.

The case was carried up to the superior court Thursday by a writ of certiorari.

Can Loans Be Made On Character?

Fifteen Years of Experience Proves Soundness of the Uniform Small Loan Law

By J. A. Reichart, *President, Clarence Hodson & Co.*

Nation-wide attention has been attracted, in financial circles, by the announcement that the National City Bank of New York, the largest bank in the country, has opened a department to extend personal loan service to people of average means. This bank is one which has been associated in financial affairs of the largest magnitude, and for it to enter the field of lending small sums of money has caused wide-spread comment. A number of other banks, from present indications, will follow its lead. Mr. Reichart, who contributes this article, is one of the best-posted men in America as regards this subject as he is president of Clarence Hodson & Co., Inc., which has been a pioneer in this field.

The wide publicity awarded the announcement of the National City Bank seems to have given many people the impression that this action is a distinct departure from the more familiar commercial banking transactions. In many instances it is regarded as a new and previously untried banking function. This belief is prevalent especially in New York State, as the announcement was made during the investigation of "loan shark" activities in that State and while the conviction was becoming general that some legitimate means must be found by which to meet the average man's credit requirements.

Startling conditions were found to be existing and uncovered by this investigation. It was estimated that approximately $25,000,000 in excess interest charges has been exacted annually from the small borrowers in New York State. The interest on individual loans was tremendous. The attorney general reported:

"The standard interest charge for loans from the salary buyer is from 240 to 480 per cent. The interest usually exacted approximates 370 per cent. The rate of interest charged by chattel loan sharks varies from 120 per cent to more than 1,000 per cent."

Naturally, well-thinking people have been wondering why this condition has been allowed to exist in the State which contains within its boundaries the recognized financial center of the country, if not of the world. This investigation, they say, shows conclusively that there are thousands of people who need personal loan service. Why cannot their needs be met in a lawful and helpful manner? Must they be placed at the mercy of money bootleggers?"

Coming at this time, the action taken by the bank referred to was greeted by the commendation which it deserves. The first impulse of many people was to sit back, heave a sigh of relief, and say, "Now that problem has been solved."

But I am firmly convinced that the problem in New York State has not been solved. I know this belief is held by many others. I feel sure the bank in question has the same opinion. They will do a great deal of good—but they are restricted by banking laws and cannot go as far as they may desire.

The making of personal loans by commercial banks is not new. I do not say this to deprecate in any measure the action taken by this bank, nor the amount of good it will do. I speak merely from the knowledge that has been acquired from experiences of other States in the elimination of the "loan shark" problem and the substitution of legitimate credit concerns. Other States have successfully met the problem which is now confronting New York State.

"Loan Shark" Evil

Fifteen years ago there was a widespread drive against the "loan shark." The Russell Sage Foundation, a great philanthropic institution, went into the situation thoroughly and came to the conclusion that these unscrupulous lenders could be driven out of business by criminal procedure, but that some method would have to be evolved to meet the small man's requirements. Otherwise, the "loan shark" would soon reappear, as has been the case in New York State. The Foundation drew up a model law, which is known as the Uniform Small Loan Law, based upon its investigation of the situation. In 1914 this law was first passed by the New Jersey legislature, and since that time twenty-four States have enacted similar legislation. Unfortunately, this law is not effective in New York State.

Companies which operate under the Uniform Small Loan Law are commonly termed industrial loan companies, and the loans they make are "industrial loans." There is a fundamental difference between industrial loans and the small loans which commercial banks can make. The two are not at all identical, although both may be termed personal loans.

When a business man or a business institution borrows from a commercial bank it is able to do so by depositing sufficient collateral or by submitting a satisfactory statement of financial condition. Where this is not possible, the bank will still lend money, and in large amounts, if furnished a note properly endorsed by a responsible person.

Basically, the small bank loan does not differ from these larger transactions. The difference is only in size, although many large banks will not handle these small loans. The announcement made by the large bank referred to above was interesting mainly in this respect. It is not a departure from commercial banking practices, but the taking over of activities which are clearly within its scope, the lending of money, although in small amounts, against collateral or on endorsed and co-maker paper.

The defining of an industrial loan might need amplification, due to its being less generally understood. An industrial loan is a loan not exceeding $300 and made for a necessary purpose to an individual who has no collateral such as bonds, stocks, certificates of deposit, etc., and who cannot furnish endorsers or co-makers to his note. The loan is not discounted and a thorough investigation is made by a trained appraiser and investigator.

Bank Loans Restricted

That there are many thousands of individuals in every industrial community who cannot borrow from commercial banks that make personal loans or from companies that make loans on a similar plan, will be realized when it is recalled that this type of service was available in New York State while the "loan shark" was operating on a large scale. These concerns may have limited the "loan shark's" activities, but that limit was sufficient to permit some frightful conditions to exist. Small bank loans did not and cannot serve a certain class of people—and this class is a large one.

The obvious reason for this is that a large percentage of the population is not able to meet the small bank loan requirements. These people are not able to produce the requisite collateral—they have no bonds, stocks or certificates of deposits. They are not able to furnish endorsers, acceptable to the bank or the company making the loan, to act in the capacity of co-maker to their note.

Then there are the many people who are able to meet the requirements for a small bank loan but do not care to borrow in this manner. They have friends or acquaintances who would be considered responsible co-makers. But they do not wish to let their friend know that they are borrowing money. Pride and self respect are strong forces. Every man believes he is just as good a man as his neighbor—he isn't looking for charity, when he wants money to weather a financial stress of perhaps a short duration. He wants to maintain his standing in his own eyes, and to him it is humiliating to take his troubles and make them known to his friends. There are many people who feel this way. It is a human element that must be taken into consideration.

Again they may hesitate because they realize their friends might not care to become co-makers. There seems to be an almost universal dislike to endorse notes of any kind. People hesitate to become responsible for payment of notes should that be necessary. It is not unlikely that friendships of long standing may be strained, and perhaps broken, and the realization of this has driven many people to usurious lenders in states where it is not possible to obtain funds from industrial loan companies.

Is the character and integrity of the borrower a sufficient basis upon which to make a personal loan? It is reported the elder J. P. Morgan once said that one of the most important factors in extending credit is the character of the borrower.

A man of character certainly should be a good credit risk. But if he has no collateral and either cannot or does not wish to have his friends act in the capacity of co-makers, he cannot borrow from commercial banks or corporations making small bank loans. To meet his needs, credit facilities of a different nature must be made available.

In this connection, I would like to cite the experience of Clarence Hodson & Co., with which I am connected. I feel that what has been accomplished in other states by the industrial loan companies for which we have raised capital and

USURY AND USURY LAWS

An Analysis of the LOAN SHARK EVIL

By

FRANKLIN W. RYAN, Ph.D.

The Loan Shark loot in New York State in 1927 was over $25,000,000 at rates running from 240% up to 1,000% a year, according to the findings of Attorney General Albert Ottinger.—*New York Herald-Tribune,* May 19, 1928.

Samuel Untermyer found, in 1921, that real estate mortgage lenders in New York collected from 20% to 50% a year. He recommended the repeal of the New York usury law.—*New York Times,* June 3, 1921.

When the largest bank in New York opened a personal loan department in May, 1928, it was swamped with applications. The personal loan companies have a total of $110,000,000 loaned out. The Morris Plan system loaned $160,000,000 in 1927.

At the end of 1927, there were 23 states comprising 56% of the United States population, which had effectively curbed the activities of loan sharks. In this book, Dr. Ryan explains the principles by which this was done. He advocates the enactment of the Uniform Small Loan Law, as sponsored by the Russell Sage Foundation.

Mr. Ryan is most original and valuable in meeting this issue of the Legislator's refusal to repeal usury laws.—New York Times.

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the knowledge of what has been and is now being done, will be of interest.

Loans on Character

Can loans be made on character and integrity? They are being made right now in twenty states by four industrial loan systems for which we are fiscal agents. Twenty-four States have on their statute books what is known as the Uniform Small Loan Law. Under this law these four systems—American Loan Company, Beneficial Loan Society, Collateral Bankers, Inc., and Industrial Bankers of America—operate 182 subsidiary industrial loan companies, every one of which reports to the properly designated official, usually the State Banking Commissioner. Loans never exceed $300, and are repaid in monthly instalments which regularly increase the margin of security behind the loan. The borrowers are of the substantial middle class—professional men, clerks, retail merchants, railroad and industrial employes, school teachers—the same people who buy automobiles, vacuum cleaners, gas stoves, and even their homes on instalments.

Loans are made only after a thorough investigation of the character and integrity of the borrower. The investigation is naturally rather costly, and the cost of making these loans is the one reason why industrial loan companies cannot operate in States, such as New York, which have not provided legislation to permit a sufficient rate of interest. On this subject, the United States Investor of May 12, 1928, says:

"First, every experienced industrial loan man will tell you that this business involves higher costs than the loans which a commercial bank makes. The commercial bank may have to investigate only one borrower for each $10,000 that it lends. The industrial lender may investigate as many as 100 borrowers in putting the same amount of money at work. Incidentally, he does not have rating agencies, financial statements prepared by public accountants, and a lot of other aids, right at his elbow, as the commercial banker has. Again the commercial banker has much less clerical expense in connection with each loan, for he does not get his money back in tiny riblets of so much per week or per month as the industrial loan man does. Talk with almost any of these men and you will find that he sees no escape from high expense per dollar loaned. Only by painstaking investigations before making each loan, and then by insisting upon weekly payments, does he feel that his business can be made safe enough for the employment of his own or anybody else's money."

Another fact that must be established by investigation is the purpose for which the money is borrowed. The four systems for which we are raising additional capital insist that each loan made by its subsidaries be for a helpful and constructive purpose; that both husband and wife know that the loan is being made. Under these circumstances the husband cannot borrow money without the consent of his wife for a purpose that is not mutually beneficial and which would not have the desired assurance of repayment. Likewise the wife would be unable to borrow money, for instance, for expensive clothes the purchase of which the husband knows could not be made without se-

riously disrupting their home finances and rendering repayment impossible.

Roughly, if these facts can be ascertained, an industrial loan is secure. And they must be ascertained in order to safeguard the corporation's funds, which in turn represent the investments of many thousands of individuals throughout the country. Without this investigation a businesslike and helpful industrial loan service cannot exist for long. It would be hazardous and, therefore, economically unsound. By this investigation, losses on loans made are reduced to a minimum, and, in the case of our four systems, all loans are covered by credit insurance.

Do Tremendous Good

Industrial loan companies do a tremendous amount of good. I am firmly convinced of that. In every industrial community, practically without exception, there are cases arising every day in which honest and deserving people suddenly find themselves in need of funds larger than they possess. As a prominent banker recently said:

"Sometimes it may be as important to borrow money as it is to save money. No one ought to sacrifice his own health, neglect his family's welfare, ignore an opportunity, fail to improve the value of home, or limit a child's education, for lack of ready cash. A sound loan may be just the thing that will save the day."

Industrial loans furnish an opportunity for a man to pull himself out of an emergency—to allow him to get back on his feet again by using the same principle of instalment repayments that he would use when buying an automobile or any other machine or article about the home which today the average man purchases on the instalment plan. People are making more and more use of credit.

Take the mortgage field, for example. Today the mortgage is widely used by purchasers of property who cannot pay in full, and also by purchasers who can pay in full but who prefer to have a mortgage on their property, reasoning that it adds to the marketability.

The increase in the use of credit by the man of average means is shown right in our own industrial loan systems. In 1914 the Beneficial Loan Society's business amounted to $78,828. Seven years later, its business had reached only slightly over $3,000,000 per year. Collateral Bankers, Inc., was incorporated in 1921, and that year did a business of $130,617, and in its seventh year (1927) the figure had reached $13,709,660. In 1927 the business transacted by all four systems amounted to slightly less than $33,500,000.

These figures show the magnitude of the industrial loan field. They show that a real need is being met and a service being rendered to small borrowers. They show that this field is one which merits the consideration of the investor. That it is a safe field for the investor's funds, when backed by efficient management, is borne out by the fact that no industrial loan corporation's bond issues distributed by us have ever defaulted in the payment of interest or principal.

Back in 1914 New Jersey was the first state to pass the Uniform Small Loan law. Since then twenty-four States have adopted it. In 1927 Missouri and Wisconsin added this law to their statutes. It must be remembered that every State, in passing this law, has done so only after a thorough investigation of the then existing conditions and a long consideration of the best method of correcting them.

In every one of these twenty-four States, where this law is effective, there is no "loan shark" problem.—*The Financial Digest, June, 1928.*

OVER THE TOP WITH THE WORKING MAN

By L. M. Brazier, *General Manager,*
The Franklin Finance Co.,
Denver, Colorado.

Since the early dawn of history, the important man—the man upon whose shoulders the industrial world revolves—has been greatly handicapped. His position in life has been fixed largely by others. The industrial class involves 75% of our population. Therefore, whatever may effect these fine folks will surely effect the welfare of our country at large. Is it not right and proper then that we should make a survey relative to his various needs and seek to supply them? Are we not, after all, better serving the interests of the remaining 25% in doing so?

Having gone through the age of barter when a man purchased his wife with so many pounds of tobacco, we pass into the age of money—the age when "money talks." It took the cash. It was not unusual for a man to carry several thousand dollars of gold in his pockets. Conditions were not practical and did not meet the commercial and economic needs. Therefore, we gradually merged into the age of credit, the age in which we now do business. A man's good name and reputation may become almost legal tender. Without these, collateral security is of little value in the credit world.

Ninety-five per cent credit! That sounds unreasonable, but that's what authorities tell us as being the basis upon which the world does business today. How can we, then, expect every man to "shell out" the cash for every article he buys? It simply can't be done. Then, if it's a matter of credit, had we not better so shape our credit machinery as to meet the needs of all classes? Since the earning power of the industrial class does not in most cases equal that of the 25%, it is not only reasonable to assume an entirely different credit situation, and an

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entirely different plan of stabilizing credit?

There will never come a time, in my opinion, when the working man will not want for reasonable credit. It is hard to adjust his earning power with the present cost of living. This feature is paramount if we are to analyze his case properly. Just as the business man or business firm experiences commercial emergencies necessitating temporary financial assistance, just so the working man, too, is met with unexpected demands, such as sickness, a death in his home or in the home of his near relatives, doctor bills, unemployment and many other things which require immediate funds.

Now, the business man, by reason of his being able to maintain a profitable balance at his commercial bank, or by reason of some business connection, of which his banker has knowledge, has either a good line of credit there, or he may float an additional issue of stock, or other debentures of indebtedness for the firm with which he is connected, and in that way "tide" himself over. But how about the working man? Is he in a position to lay down stocks, bonds and other marketable securities before his banker and say, "I want $1,500 for ninety days. Here is your security."? We all know that if the working man had these securities to put up, it would not be necessary for him to borrow under the same conditions that a business man would need to borrow.

Now, just as long as the present economic conditions continue to exist, just that long will the wage earner have need to finance himself through some legitimate avenue. The ninety-day loan would not meet the needs of the working man, even if he had a well established credit at the commercial bank. He borrows for consumptive purposes, or in order to take care of existing indebtedness. Therefore, he must of necessity have a much longer time in which to repay the loan, since his loan can be reduced only from his daily earnings and from such funds as may remain after having first met his current living expenses. So the ninety-day proposition to the wage earner becomes merely a matter of "borrowing from Peter to pay Paul."

As far back as 1791 the interests of the industrial class had been thought of in a special way, and a very wise man—a man who is considered, perhaps, the most noted student of thrift and economy—gave to the country a new vision—a new movement, if you please. This individual was none other than Benjamin Franklin who in his last will and testament provided for an industrial fund of $50,000, the same to be divided equally between the cities of Philadelphia and Boston and to be used for the purpose of financing or otherwise assisting young married people in purchasing the necessary household equipment to be used in their homes. These loans were to be made in amounts not exceeding $300 and repayable monthly over such a period of time as would best serve the needs of each individual borrower.

Since that time, however, financiers and students of industry have developed this great opportunity to serve the major portion of our folks until today practically every state in the Union has taken steps to blaze the way for this movement by providing more favorable legislation and thus encourage its rapid development. This movement—the movement of mobilizing and stabilizing credit among the industrial class—the movement of industrial lending, if you please, is coming to be recognized the country over as most timely and as serving a long-felt need.

Only recently the National City Bank of New York (perhaps the largest of its kind in the country) opened up an industrial loan department for salaried folks, giving them an opportunity to borrow on a long time basis and without security.

In a recent statement Governor Cox of Ohio remarked that in his judgment a legitimate loan institution in an industrial community was of more benefit than a bank for this reason, that it catered to a class of folks who when needing money, need it most.

Today most of the states of the union have well organized state associations of industrial loan institutions, and these associations are making every effort to standardize this business in their respective states with a view of giving the working man a fair "shake" and yet place the business on a profitable and clean basis.

Credit—faith in man—is the basic principle of industrial lending. This, coupled with the earning power of an individual is his line of credit with an industrial loan institution much the same as a good bank balance of a business man is with the commercial bank. The working man can well afford to associate himself with a responsible industrial loan institution, much the same as a merchant would with his commercial banker. Merchants and professional men can well afford to support this movement whenever and wherever the opportunity may present itself, for the reason that he, after all, is benefited most, since their success is governed largely by the prosperity of the wage-earner.

The Russell Sage Foundation of New York, recognizing the great need for this money lending service among the industrial class, has seen fit to spend a great deal of time and money in the endeavor to assist the ethical and legitimate loan institutions over the country in seeking to bring about a standard code of ethics and rate and to assist in doing such other things as may be considered helpful to both the borrower and the lender.

The industrial loan business is one of distinct classification, differing from other money lending lines generally. It has existed as a business in the United States since about 1890. True, it has met with considerable opposition, but it is encouraging to note that as the citizens of our country become more educated to the service rendered by this movement, the more prosperous the industrial loan business becomes. Also, as this movement of industrial banking becomes more established and recognized, the less we hear of the old time loan shark. During his day loans have been found to be made with charges which equal from 500% to 1500% a year and some at even more ruinous rates. Not so, however, at the present time among the ethical loan men. I am quite sure, however, that such a condition is not found in Colorado.

During the latter part of the year 1927 there was organized a State Association of Industrial Loan men, called the Colorado Industrial Lenders' Association. This association functions effectively and is now recognized by the American Industrial Lenders' Association, also by the Russell Sage Foundation of New York.

This will give you some idea as to the efforts being put forth in this line of endeavor and to disclose, if possible, such information as will throw some light on the more recent development of this business and, if possible, get the thought over to you that at the present time some of the biggest men and institutions of our country have become to recognize more of the importance of this service and to use their influence in the development of this great cause for the working man and his prosperity.

CONNECTICUT

Members of the Connecticut Industrial Lenders Association assembled at the Double Beach House at Double Beach, Conn., at 10:30 a. m., Wednesday, June 20th, for their second annual outing and June quarterly meeting.

A baseball game was held in the ball field and all members participated in this sport to stimulate an appetite for the regular shore dinner which was served at 1:00 o'clock.

The regular business meeting was called to order at 3:00 p. m., by Chairman Connor.

The minutes of the previous meeting were read and approved.

The Roll Call showed thirty-two members present.

Guests Present

Mr. H. A. Morgan, Beneficial Operating Bureau, New York; Mr. H. Stephenson, New England Equity Corporation, New Haven; Mr. Lovegrove, Mutual System, Bridgeport; Mr. Murchie, Mutual System, Bridgeport; Mr. Moreau, Credit Manager, Hartford Chamber of Commerce; Mr. Sukaloff, New Haven Loan Company; Mr. Cæsar, Consolidated Plan, Bridgeport; Mr. Silverman, Phœnix Finance Company, Hartford; Mr. Humison, Personal Finance Company, Torrington; Mr. William Miller, M-A-C Plan, Hartford.

The treasurer's report was read and this report was approved as read.

Letters from National Secretary Kehr, regarding the Convention and also our contribution toward the A. I. L. A. expenses, were read by Mr. Dejon and were placed on file to be discussed under new business.

T. C. O'Brien, Chairman of the Committee to appoint an attorney to determine what reaction the decision in Indiana would have upon the Connecticut Small Loan Law, gave a report on his investigation. Mr. Kanter, Mr. Scrapa, Mr. Stephenson, Mr. Miller and Mr. Sukaloff spoke relative to Mr. O'Brien's report. After some discussion, Mr. O'Brien made a motion which was seconded and approved that he ask Attorney Walsh to write Mr. Hubachek relative to the Indiana case so Attorney Walsh could investigate the Connecticut Small Loan Law further with reference to this particular point.

Mr. Kiely read a paper, the subject of which was "Our Duty." This treatise which was prepared by Mr. Kiely was well appreciated by all members present and Mr. O'Brien made a motion which was approved that we give Mr. Kiely a rising vote of thanks for his talk and his oratorical ability. The facts that Mr. Kiely presented in his talk were all worth-

while and we are sure all members derived much benefit from his discourse.

Mr. Stephenson made a motion which was seconded and approved that the paper which Mr. Kiely read to be sent to the National Secretary for publication in the INDUSTRIAL LENDERS NEWS. Mr. Scrapa made a motion which was approved to have this treatise published in a local newspaper.

Vigilance Committee—Mr. Connor suggested that all members report any unethical advertising or methods of doing business by any competitor to the Vigilance Committee. Mr. Morgan made a motion that a committee of four be appointed. The committee appointed was Mr. Lovegrove, Chairman; Mr. Stephenson, Mr. McMullen and Mr. Zimmerman.

Mr. O'Brien spoke of the activity of a certain institution in New Haven. Mr. O'Brien thoroughly explained their methods of doing business and the effect this business will have on States Legislature, the goodwill of the public and the future of the loan business, if they continued to do business. Mr. Connor suggested that the Russell Sage Foundation be advised of this situation. Mr. Morgan suggested advising the National Association. Mr. Kendrick made a motion which was approved that the matter be left in the hands of the Executive Committee and they to decide what should be done relative to this competitor.

The Executive Committe decided to report this matter to the National Association and also to the Russel Sage Foundation. Mr. Connor suggested that Mr. Leon Henderson of the Russell Sage Foundation have a conference with the directors.

The following applications for membership in the State Association were voted on and approved:

The Mutual System of Hartford, The Personal Finance Company of Torrington, The Personal Finance Company of Norwich, The Phœnix Finance Company of Hartford, The M-A-C Plan of Hartford, Bridgeport Loan Corporation of Bridgeport.

Mr. Connor then spoke about the contribution which was needed by the National Association for their work. Mr. O'Brien made a motion which was seconded and approved that we send $250.00 to the National Association for this purpose and if additional funds were needed we will be glad to assist.

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That is what scores of loan companies are saying when it comes to their advertising. They have found that "Bill" McCullough has a supply of ideas as well as of type—that he knows the loan business and knows how to tell it—and sell it—to the prospective borrower. ¶We offer you a complete advertising service, including ideas, copy, art work, plates and printing. Samples and prices gladly submitted on request. Let us work up something new for you—something that will get new business for your firm. ¶We carry all approved legal forms in stock. Send us your next order for anything you need in printed supplies. Prompt service and money saving prices. ¶We are agents for Meiliche Calculators, Time Finders and Motograph Signs. A Complete Lender's Supply Service.

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MURPHY BUILDING, INDIANAPOLIS

Mr. Lovegrove made a motion which was approved that Mr. Connor, Chairman, be made a delegate to attend the National Convention in September at the Association's expense and he to have the privilege to appoint his alternate.

The meeting adjourned at 4:30 p. m.

A. E. DEJON, *Secretary.*

OUR DUTY

BY R. E. KIELY,
Manager Beneficial Loan Society, Bridgeport, Conn.

Along about the late nineties and the early part of this century, Big Business was in the saddle for the first time. It had grown up rapidly and by means of pull, mergers, combinations or outright purchase, huge trusts had been formed. The sole object of these large concerns was entirely that of monopoly. They wanted to corner the market and squeeze all profits possible out of the public. It was then they said, "The Public Be Damned."

The government stepped in, however, and brought the money-mad powers to their senses. In doing this, they broke up the huge combination and set up laws restricting any further monopoly or restraint of trade.

They speeded along the angle of monopoly to gain the most profits and Big Business turned around and assumed an entirely different attitude toward the public. The motto now was 'The Public Be Pleased" and the splendid philosophy of it, the worth-whileness of it is evident by the manner in which people look upon Big Business, as such, to-day. No longer are such large organizations feared, but rather respected as being actual public servants doing everything possible to aid their clients.

The whole attitude of business to-day is to be of service. Do more than is bargained for and aid every one as much as possible. Particularly is this so in our small loan field, formed as servants of the public to aid those people who have previously been neglected and, in fact, downtrodden, is the reason we are in business to-day. The uniform small loan law has awakened us to our real purpose as public servants and the realization of this service has brought business to us in every increasing volume. The philosophy of "The Public Be Pleased" has aroused within the people real confidence in our form of banking and has caused them to turn to us when in need of money.

We, as loan men, are no longer competing on the basis of price. Our price is fixed by law and we can neither charge more or less for one customer than for another. The real competition, however, comes in the quality of service which we render. The courtesy with which we handle our customers, the evidence of interest which we display in their personal welfare and our clear desire to help them out of the hole in which they find themselves, all play their parts in getting new customers and retaining old ones.

The one purpose of our business and the one service which we always must keep before us is that of getting the borrower out of debt. No matter when he comes to us, he is always worried about financial matters, either present debts or the incurring of future debts for some purpose. When a prospective borrower enters the door of any one of our offices, he does so with fear in his mind. He is either faced with present difficulties or has others looming up within the near future. He does not want to borrow money any more than you or I do and pay the rate which we must necessarily charge. He has probably heard many things to the detriment of ourselves and his entrance is that of unwilling necessity. He must borrow money, but he does not want to. The service which we render him then in relieving him of his difficulties and so guiding him as to prevent their recurrence, will make him into a real booster of our business and an honest-to-goodness loan salesman.

The courtesy with which he is greeted by the cashier and the polite invitation to step into the waiting room, the cheerful, courteous, gentlemanly behavior of the manager, in talking matters over with him, the kind solicitude and evident desire to help him out all play their part in allaying his fears and arousing his confidence. It is a simple matter to frighten a man into paying his bills, but it is just as simple to make him personally desirous of paying his debts. It is only the difference on the mental strings with which we play, but the result is tremendous. Where, by means of force, he dreads coming to the office to pay his debts and dreads meeting us when he fails to pay them, he hates us, he hates the business, and he hates himself. Quite the reverse is his mental attitude when, on entering the office, he is greeted with a smile and a cheery "Hello." He is then glad to meet and talk with us. When he later finds he will be unable to meet his payments, he will more readily come into the office and talk over the matter with us. By means of careful council and helpful advice, we can guide him over the rough spots and once more speed him along the right way. This latter constitutes real loan service and it is upon just such service that we are to-day building the small loan banking business.

It is quite easy to lose sight of the helpful nature of our work in the rush and hurry of the day's business. The desire to increase outstandings to decrease our slows and to reduce our expenses all too often turns us toward a cold business attitude. We are engaged in a live pulsing public service business. We have the privilege of serving more people daily than do the state or national banks in this city. The people whom we serve are actually in need of service and the better we serve them, the better will we serve ourselves and our business. Our desire to do our jobs too often turns into merely just doing that job. We lose sight of the human interest of our business, of the romance of it. We foolishly fear that competition is tightening about us and that our field is really not as broad as we had at first thought. We hesitate, therefore, in getting our borrowers out of debt so that they will no longer need money. We fear that if we get them out of debt, there will be no one to replace them. Actually, however, as experience has shown in the past, the more people we get out of debt, who do not come back to us for money, the greater business do we do. Those satisfied people contact others, two, three, four others, and send those people in to us. This means three and four times as much business as could have been secured were just that one borrower retained on the books always. We know from our records that the longer we retain a person on our books, the greater is the inclination to go slow and finally to turn into a loss. It is true, we will have made a fairly large amount of profit on that individual during the period that he has been on our books, but what about the service side of our business? What is the general public going to say and what will the legislators say if it is continued to too great an extent?

We have, at the present time, a real opportunity to prove our statement that we aid the working man. There is, as you know, throughout the city and throughout the entire country a severe unemployment condition. Business has been tightening up and as a result, more and more men have been thrown out of work. Those men are willing workers and ready workers. The only thing wrong is that they cannot get work. When hard times comes, therefore, and sickness or debts accumulate, to whom are they going to turn for aid? To us, of course. But how are we going to look at it? Are we going to take the attitude that, "It is true the man needs the money and he would repay it if he could, but how is he going to repay it without a job?" Or are we going to look at it from the point of view that, "Yes, he is out of a job, and he cannot repay it immediately, but still he wants to work and he will work just as soon as he gets a job, he will pay it back—We had better give him the money."

The former attitude is one we take as hard-headed loan men. The latter attitude is the one we should take, tempered, of course, with reason as true servants of a needy public. This is, indeed, an excellent opportunity to prove our statement that we make loans on character. The exercise of a little more care; of a little more judgment; of a litle more use of our loan sense will help the individual out of his difficulties, will truly serve the purpose of our existence and will enable the country to carry on its credit policy as strongly and confidently as in the past.

Again I state, that ours are purely service institutions. As such, we should get out of our business every once in a while and look at it from a truly disinterested attitude to determine whether we are living up to our motto of "The Public Be Pleased." Again, I repeat, that we compete only in so far as our service is concerned. Our outstandings grow, our delinquencies decrease only so far as our depth of understanding and concept of our true service rests within ourselves and evidences itself in our actions. The only basis upon which our profession and our particular organizations can grow, is through the pleased customers whom we have gotten out of debt—the real service we have rendered.

Read at the meeting of the Connecticut Industrial Lenders Association, held at Double Beach, June 20, 1928.

NEW HAMPSHIRE

The meeting of the New Hampshire Industrial Lenders Association was held at the Ashworth Hotel, Hampton Beach, New Hampshire at 4 p. m., on the sixteenth day of June, 1928.

Present: G. L. Skillen, Personal Finance Company of Concord; R. B. Fraser, Personal Finance Company of Portsmouth; H. A. Rouillard, Personal Fi-

nance Company of Nashua; F. A. Brodeur, American Loan Company of Manchester; George N. Garland, Clark Loan Company of Manchester; A. G. Zimmerman, supervisor, Beneficial Operating Bureau, Inc., New York City; C. B. Baldwin, GHQ, New York City; Frank A. Reed, Assistant Supervisor, Beneficial Operating Bureau, Inc., New York City; and T. M. Fitzgibbons, Assistant Supervisor, Beneficial Operating Bureau, Inc., New York City.

Minutes of the last meeting were read, approved and ordered placed on file.

The chairman announced the election of officers to serve for the year until their successors are elected and qualified. Nominations were duly made.

Chairman, G. L. Skillen; treasurer, G. N. Garland; secretary, F. A. Brodeur.

Upon motion duly made the Treasurer was instructed to have the accounts audited by an auditing committee and that bills be paid at the beginning of the fiscal year and report rendered at the next meeting. It was further decided that H. A. Rouillard and F. A. Brodeur be the two members of the Auditing Committee. Carried.

On motion it was

Resolved that the following be appointed to form three committees—a membership, vigilance and legislative committee.

Frank A. Reed was appointed chairman of the membership committee, T. M. Fitzgibbons as chairman of the vigilance committee and Messrs. Skillen, Garland and Zimmerman were appointed to the legislative committee.

Date of next meeting to be September 26th.

There being no further business on motion duly made the meeting was adjourned.

After the business meeting a successful banquet was held at which the Rev. Amazeen and C. B. Baldwin were the principal speakers. After the banquet there was dancing.

F. A. Brodeur,
Secretary.

LOCAL EXCHANGES

Pittsburgh, Pa., July 9, 1928.

The first annual summer outing of the Pittsburgh Industrial Lender's Exchange was held at Albert Jaeckel's Summer Garden at Wexford, Pa., on Saturday afternoon, July 7th. All of the members of the Association were present, also a number of guests, the total number present being forty-one. The members and their friends enjoyed the afternoon with ball games, horseshoe pitching, and other sports.

After the dinner, which was served at 6:00 P. M., our Chairman, Mr. Loupe called the members to order and the regular monthly meeting of the Association was held. Mr. Loupe at this time addressed the members, commending them upon the spirit of good fellowship that had prevailed throughout the day and the general enjoyment which was evident and upon a question put to the members, it was unanimously decided to hold an annual outing of this kind each year. Mr. Loupe at this time congratulated the entertainment committee, comprised of

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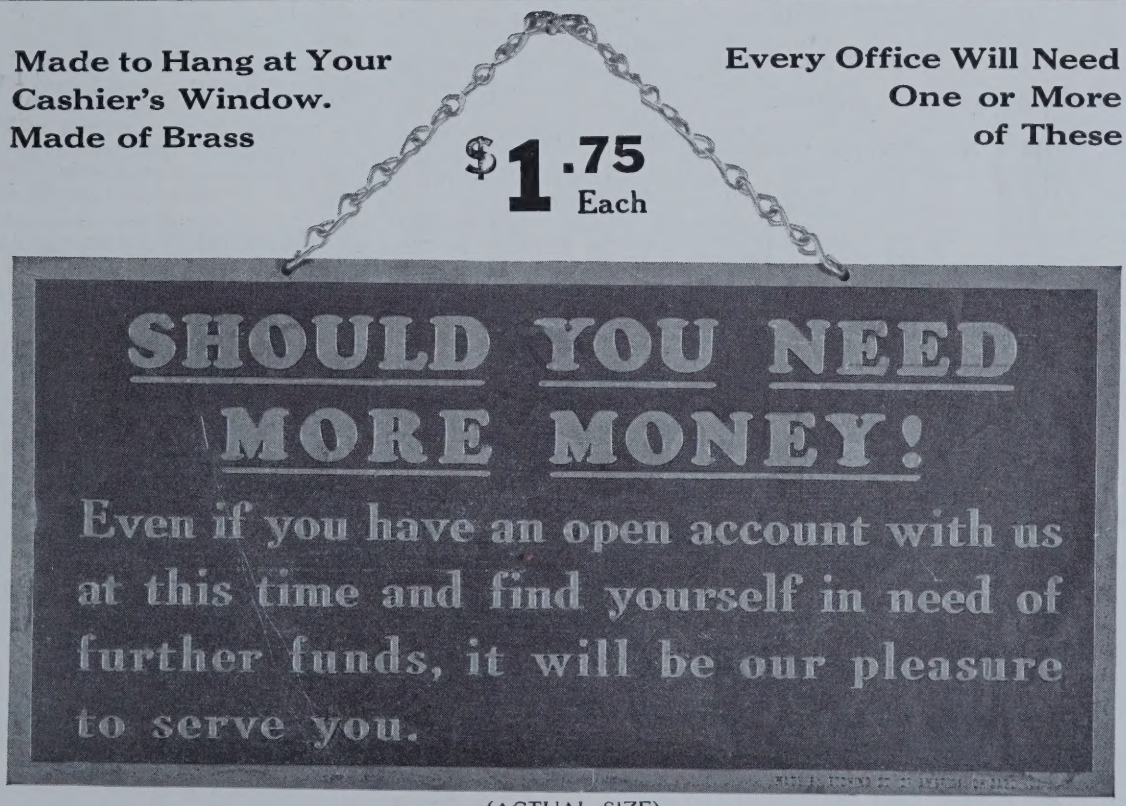
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Even if you have an open account with us at this time and find yourself in need of further funds, it will be our pleasure to serve you.

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Mr. Northart, Mr. Fisher, Mr. Marxsen and Mr. Hartman for their splendid arrangements and especially for the wonderful chicken dinner, which was provided for the members, and he at this time requested that the members give this committee a rising vote of thanks.

Mr. Fisher at this time, requested the Chair that the regular meeting be made as brief as possible, owing to the horseshoe pitching championship still being undecided, and the Chair with the consent of the members agreed to this request.

On request of the Chair, the minutes of the previous meeting were approved as distributed and the roll call was dispensed with.

TREASURER'S REPORT

Cash in Bank June 1, 1928	$179.24	
Dues from members for month of June	360.00	$539.24
DISBURSEMENTS		
Office Rent for June	$37.50	
Telephone	24.01	
Stamps	6.00	
Fort Pitt Hotel Ass'n Dinner, June 4th	41.00	
Operator's Salary for period ending 6-15-28	67.50	
Pittsburgh Letter Shop, mimeographing minutes of June meeting	7.60	
Operator's Salary for period ending 6-31-28	67.50	
	$251.11	539.24
Cash in Bank July 2d	288.13	
	$539.24	$539.24

Respectfully submitted,
A. H. THALE, *Treas.*

Upon motion made by Mr. Hartman and seconded by Mr. Fisher, the report of the Treasurer was accepted and ordered spread on the minutes. On request of the Chairman, the report of the committees were postponed until the next monthly meeting.

NEW BUSINESS

Chairman Loupe addressed the members, advising them that applications of the following companies were in the hands of the Secretary:

No. 23 Popular Finance Corporation, 505 Arrott Bldg., Court 2890, A. Schmalzreid, Manager.

No. 24 Acme Loan Service, 1115 Clark Bldg., Atlantic 8294, John E. Thompson, Manager.

No. 25 United Small Loan Corporation, No. 3 East Beau St., Washington, Pa., F. D. Shank, Manager, Washington 1646.

Chairman Loupe requested that the members take action on these applications and upon motion made by Mr. McCartney and seconded by Mr. Hartman, these applications were duly admitted to membership of a unanimous vote of the members.

Chairman Loupe addressed the new members at this time and expressed the hope that the Pittsburgh Exchange would be of benefit to them and also that they would coöperate in full extent and adhere to the By-Laws of the Association.

No further business being before the meeting at this time, Chairman Loupe called on Mr. G. Foster, Advertising Manager of the *Sun-Telegraph* and Mr. Foster, in a brief address thanked the members for their invitation and expressed his pleasure at being with us. Mr. Foster recalled the outings of Loan Companies of twenty years ago, and he entertained the members with a story of the wonderful ball games of those days and of the reward which awaited those on third base, who were fortunate enough to reach that goal. A vote of thanks was given Mr. Foster for his delightful talk and he expressed the hope of being with us in years to come. Chairman Loupe at this time called on Attorney Ritter of the General Loan Company, who gave the members a talk on the Industrial Loan Business of today, and also expressed his pleasure of being with us at this meeting, our first summer outing. Mr. Fisher, at this time, made a motion to adjourn and this was seconded unanimously and the members returned to their various entertainments which continued as long as the horseshoe or ball was visible.

The Secretary wishes to call all members attention to the splendid write-up in the *Sun-Telegraph* of Tuesday, July 10th.

A. H. THALE, *Secretary.*

LOAN SHARK GUILTY OF MISUSING MAILS

William Cohen First One Prosecuted on Such a Charge

JAILED FOR THREE MONTHS

BUT SENTENCE FOR FALSE INCOME TAX RETURN IS SUSPENDED

The first loan shark to be prosecuted by Federal authorities for misuse of the mails, so far as local officers are aware, pleaded guilty yesterday before Federal Judge Julian W. Mack. He was William Cohen, formerly in business at No. 674 Broadway as the Wilco Auto Brokerage Company.

Cohen pleaded guilty also to a second indictment charging failure to file a correct income tax return in 1927. On the first charge he was sentenced to three months in the Hudson County (N. J.,) jail, and on the second he was given a six months sentence, suspended during good behavior. After his release he is to be on probation for a year.

Because Cohen already had pleaded guilty of usury in the County Court, Judge Mack ordered that if sentenced to more than a month on that charge, he shall be required to serve only two months of the Federal jail sentence. Cohen, who might have received a maximum penalty of six years in prison, promised to go out of the money lending business.

Commenting on the sentence, United State Attorney Charles H. Tuttle declared the sentence to be "notice to the loan sharks that even by a plea of guilty they cannot escape jail."

"It is also a notice," he said, "that in a proper case, the Federal mail fraud statute may have its usefulness in helping to suppress this evil business. This is the first time, so far as I am aware, that this statute has been so employed.

"Because of the extremely congested condition of the Federal calendar, a plea of guilty usually entitles the defendant to great clemency, but in the present case nothing short of actual imprisonment was deemed to satisfy the interests of justice. This sentence does not impair the right of the State of New York to prosecute Cohen on any charges of usury it may have pending against him."—*N. Y. World,* 7-13-28.

COMMUNICATIONS

CHICAGO, ILL., July 19, 1928.

DEAR SIR:

We have your kind letter of June 12th with reference to information concerning someone within the vicinity of Durham or Creedmoor, N. C., that might be able to handle an account for us. The reason we have not replied before was that we have just had a reply from Mr. Oscar G. Barker, Atty. for the Durham Merchants Association at Durnham, N. C., and he advises us that he will gladly do all he can to collect our account for us.

We wish to thank you for your prompt reply and the attention that you have given this matter.

Yours very truly,
METRO LOAN COMPANY,
B. O. WELCH, *Mgr.*

THE MAHAN LOAN CO.

16 E. Second St.

CHILLICOTHE, OHIO, July 14, 1928.

DEAR MR. KEHR:

Sometime the last of 1927 I wrote you asking for the INDUSTRIAL LENDERS NEWS issue that had a prize winning essay in it, as, being a member of the Altrusa Club, which is made up by classification as the Rotary and Kiwanis clubs are, I was due to make my classification talk. You were unable to get me the essay, but sent other valuable comments on the loan business, which, adapting to my own work, were used in my talk, and was very well received. You asked me to let you know if it went over—it did. And thank you very much. Pardon the delay —though it doesn't make so much difference,—but thank you.

Yours truly,
J. GRACE MAHAN.

URGES NEW LAW TO LICENSE SALARY-BUYERS

COLUMBUS.—Legislation providing for the licensing and regulation of salary-buyers wil be sought at the next session of the general assembly, according to Harold F. Kime, attorney-examiner in the blue sky division of the state department of commerce.

This announcement follows the filing of a score or more suits against salary-

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

Rodney A. Bell, Supervisor of the Public Loan Corporation, St. Louis, Missouri, Says:

"Will you kindly send me at your earliest convenience one copy of Franklin Winton Ryan's book on Usury and Usury Laws. We find that this book is very beneficial from the economic side of the Uniform Small Loan Law and we are using it for a text-book for our managers.

Having gone to school wth Mr. Ryan, I personally can recommend this book very highly, as I know Mr. Ryan is a thorough student of economics."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

buyers in Columbus, in which the charging of usurious rates is alleged.

State banks and building and loan associations are operated under special laws enacted for the conduct of their business, while Industrial Lenders operate under the provisions of the Lloyd act, which fixes the rate of interest that may be charged, (based on a scientific study of the cost of conducting the industrial loan business), determines the character of chattels, such as household equipment, radios, automobiles, etc., that may be accepted as collateral, and prescribes the manner in which loans may be made.

Salary-buyers, however, have never been brought under state regulation, Mr. Kime says. They deal exclusively with railroad employes and other workers who have wages due them, and have been free to charge any rate they may wish. These charges are said to have ranged as high as 260 per cent.

Labor unions, railroads, Better Business Bureaus and other organizations, it is said, have pledged their support to legislation for the regulation of salary-buyers, and the elimination of the loan shark and the abolishing of usurious rates.—*Madison Press,* London, O. 6-25-28.

"LOAN SHARK" GETS SIX MONTHS IN JAIL

Joseph Levine the First to Be Sentenced in Ottinger Inquiry—Firm Fined $500

THIRTY OTHERS TO BE TRIED

OTTINGER WILL ASK FOR LEGISLATION MAKING IMPRISONMENT MANDATORY FOR LENDING GOUGERS

Joseph Levine, of 2401 Davidson Avenue, the Bronx, President of the Broadway Auto Brokerage Company, 1674 Broadway, was sentenced in Special Sessions yesterday to serve six months in the workhouse for charging usurious interest on small loans. He was the first person convicted as the result of State Attorney General Albert Ottinger's "loan shark" investigation. His brokerage company was fined $500. These were the first "loan shark" convictions in the courts here in twelve years, Deputy Attorney General Albert A. Raphael said.

Soon after Justices Ellsworth J. Healy, Daniel Direnzo and James J. McInerny had imposed sentence upon Levine, Mr. Ottinger issued a statement that he would recommend to the New York State Crime Commission legislation calling for jail sentences, without any alternative for all persons convicted of charging usurious rates of interest.

"I am advised," Mr. Ottinger's statement continued, "that this can be accomplished without any great effort, because of the virtual unanimity of legislators, members of the judiciary, bankers, employers and employes that some stringent statutory penalties are requisite if we are to suppress the "loan shark" evil effectively and permanently.

10,000 COMPLAINTS RECEIVED

"Careful consideration of some 10,000 complaints received by my office from small borrowers discloses the necessity for adopting such harsh measures. These complaints and investigation of them reveal that the small borrower was not only subjected to the compulsory payment of exorbitant rates of interest, but also to intimidations and threats that constituted in themselves a form of extortion that should not be countenanced.

"The usurious lender in hundreds of these cases not only threatened to disclose to the employer of the borrower that he had made such a loan, but to advise the borrower's family of it, at the same time indicating that he would tell the family that the money had been borrowed for some unlawful purpose, generally immoral in character.

"The solution I am prepared to offer would impose upon the judiciary the duty of imposing nothing but jail sentences upon persons of this type who resort to any means to gouge men in distress for lack of money."

Mr. Raphael, who has conducted Mr. Ottinger's "loan shark" investigation to a great extent, announced that about thirty more alleged "loan sharks" were to be tried in Special Sessions. The investigation, he said, had now reached a point where he did not think it would be necessary to have further hearings before Chief Magistrate McAdoo unless new methods of "gouging" or extortion should be disclosed.

The punitive measures, however, Mr. Raphael asserted, would continue. The procedure from now on, in ordinary "loan shark" cases, will be to examine all complaints and, when considered necessary, obtain a warrant from Magistrate McAdoo that will be followed by trial in Special Sessions unless a plea of guilty is entered.

Levine was convicted on one count and pleaded guilty to a second, similar charge. Sentence on the second charge was suspended. The Broadway Auto Brokerage Company pleaded guilty to three counts, was fined on one and received a suspension of sentence on each of the other two. In imposing sentence upon Levine and fining his brokerage company Justice Healy said:

"VICTIMS ARE UNFORTUNATES"

"Everybody knows the condition that exists in these cases. These men have absolutely no sympathy for anybody. They are out to get everything they can for themselves, and usually their victims are unfortunates who are up against it for some reason, either sickness or business reverses. When they get a man in that position they take from him all they possibly can. They show no sympathy for any one. This Court is going to join with the authorities that have jurisdiction over these matters in an attempt to stop this nefarious practice."

Levine was convicted on complaint of Samuel Seiler of 50 Lewis Street, who said he borrowed $100 from the company through Levine and promised to pay back $125 in eleven weeks. Levine's defense was that the 25 was not interest, but was money owed by Seiler to a broker who had "recommended" him. Levine is 36 years old and married.

Mr. Raphael said Levine had been selected as the first case for trial because he was among the most active "usurers" and had employed men to use "strong arm tactics" in the seizure of taxicabs for default of interest.

Probation Officer William Connors said Levine had been associated with Willie Cohen, who had an adjoining office, and against whom six or more complaints had been made because of alleged "strong arm" methods in seizing taxicabs.

MORRIS PLAN INQUIRY ASKED

Suggested at Conference of Labor on "Loan Shark" Problem

State Attorney General Albert Ottinger's third "loan shark" conference, held yesterday at the Lotos Club, 110 West Fifty-seventh Street, with representatives of 900,000 union members in the State, brought out criticism of loan concerns "operating openly and, pre-

SCORES OF LENDERS USE OUR SERVICE--

Why not you? Accounts amounting to thousands of dollars have been sent to us to collect. Scores of lenders from the various sections of the country are increasing their collections by using our service for "skip" accounts located within the vicinity of our operations. We get results. Our collectors are thoroughly trained.

Let us help you make 100% collections. Simply send us the papers of your "skip" accounts known to be located in the metropolitan area of New York City, Brooklyn, Long Island, Jersey City and vicinity. We will give you prompt service and send you periodic reports. In case we cannot collect, no charge will be made.

Write today for information concerning our service and rates.

FREDERICK FISCHER COMPANY, Inc.

Court Square Building, 2 Lafayette Street, New York City.

sumably, legally." M. J. Reagan, a mediator of the State Department of Labor, suggested that the Morris Plan be investigated as well as the smaller lending concerns. Mr. Ottinger replied that the Morris Plan operated under a "special statute."

A. J. Portenar, Chief Mediator of the State Department of Labor, said that a large lending concern, while "ostensibly" charging only 6 per cent interest on loans, actually was getting about 18 per cent. He pointed out that borrowers paid interest on $100, but never actually received that amount, as the interest was deducted, together with other charges, before the loan was handed over.

John M. O'Hanlon, Chairman of the Legislative Committee of the State Federation of Labor, said that men who are paid for their labor only twice a month were the special victims of the "loan sharks." If all the big corporations employing men would pay them each week, he declared, the "loan shark" problem would be "cut in two." He said the garnishee law should be looked into with a view to the advisability of raising the minimum salary which can be garnisheed to $20.

Mr. Ottinger explained that he had had conferences with the bankers' and employers' groups and that each had appointed subcommittees to formulate recommendations which the Attorney General would pass on to the State Crime Commission in the hope of obtaining improved legislation.

Mr. Ottinger then named as Chairman of the subcommittee of the labor group John Sullivan, President of the New York State Federation of Labor. Mr. Sullivan appointed on his subcommittee Miss Betty A. Hawley, Thomas J. Curtis, Joseph P. Ryan, Joseph A. Mullaney, Clarence F. Conroy, Buffalo, and Albert W. Sherman, Syracuse, all Vice Presidents of the State Federation of Labor; Miss Mabel Leslie of the Legislative Committee of the federation and Mr. O'Hanlon its Secretary-treasurer.

Mr. Ottinger will hold his fourth "loan shark" conference Monday afternoon at the Lotos Club with representatives of the legitimate lending concerns.

LOUISIANA ENACTS THE UNIFORM SMALL LOAN LAW

On May 28, 1928, Mr. Leon Henderson, of the Russell Sage Foundation, had introduced as an administration measure in the Louisiana Legislature the Uniform Small Loan Bill. The bill had the active support of Governor Huey P. Long, who sent a special message to both Houses of the Legislature recommending its enactment.

Mr. Leon Henderson appeared before the joint Banking Committee of the House and Senate and was successful in getting a favorable report which resulted in the House passing the measure on July 3d by a vote of 70 to 24. This bill next went to the Senate where it was passed on July 10th by a vote of 29 to 9. The bill then went to the Governor who approved it on July 11, 1928.

The enactment of the Uniform Small Loan Law at this session of the Louisiana Legislature was quite a blow to the loan sharks who considered Louisiana a very fertile field for their operations. This was borne out by the fact that the loan sharks kept from twenty to thirty lobbyists at Baton Rogue during the entire session of the legislature, who did their utmost to defeat the bill.

The bill will be known as Act 92 of the Laws of 1928.

LOAN COMPANIES SUED FOR $60,000

Suits for damages of more than $60,000 against five salary buying agencies here were filed in Fulton Superior Court, Friday afternoon, by as many plaintiffs, four of whom charged false arrest and confinement and the fifth the loss of a job he had held eight years.

All complaints were based on the civil statute regulating loans of less than $300, and fixing 8 per cent as the maximum interest charge per annum.

It was contended by petitioners that the salary buyers had, in effect, loaned money at usurious and illegal rates, and that judgments obtained by the agencies under the transactions were void.

The largest suit for $41,000, was brought by Sandy Barnes, negro laborer, against the Harris Brothers, Inc., charging that he was jailed for 41 days on non-payment of interest on a $14 loan negotiated September 1, 1927.

Others for $5,000 each were brought by Hazel Lewis, colored, against the Atlanta Guarantee Company; Lillie Swilling, colored, against the Gate City Company; Lula Jones against J. L. Morgan & Company, and Mark Knowles, colored, against the Inman Finance company.

Knowles sets out in his petition that he lost his job with the Southern Railroad because his employer was served with a salary assignment on which he had obtained $10 last April 3d.

The other petitioners allege they were jailed for various periods under bail trover proceedings instituted by the agents in collecting installments running as high as $3 a month on original sums of $10. All petitions were filed by Attorney J. L. R. Boyd, general counsel for the Atlanta Legal Aid Society, which has been waging aggressive war on salary assignment agencies and "loan sharks" for several years.—*Atlanta Constitution, July 22, 1928.*

USURY IS CHARGED IN THREE INDICTMENTS

At a special session of the Fulton County Grand Jury called Wednesday to investigate alleged "loan Shark" activities here, three indictments charging misdemeanor in violation of state small loan laws, were found, two against J. H. Bennett, and the third jointly naming J. L. Morgan, R. R. Morgan, E. L. Fowler and E. C. Lancaster, described as "salary buyers' agents."

The latter indictment charges the sale of credit in amounts of less than $300 for a rate of more than 8 per cent per annum. According to information given the solicitor's office by attorneys prosecuting the cases for the Junior Chamber of commerce, the applicant for a loan is told that he must get it indorsed by a third party working in connection with the loan agent.

An indorser's fee is charged the borrower, and another with each renewal of the loan, thereby bringing the borrower's interest rate above the minimum provided by law, it was brought out.

Bennett is charged with a misdemeanor in lending $15 to Howell McKinley at a $3 interest rate per month, while a second true bill against him alleges he charged more than 5 per cent a month interest on $8 advanced to Dock Goolsby.

All three indictments were transferred from superior court to the criminal court of Atlanta for trial.

Mr. Fowler, Wednesday night said that he had no connection with any of the companies named in the indictments, or with other loan companies in Atlanta or any other city. He stated that he was retained some time ago as counsel for J. L. Morgan and company and the Atlanta Guarantee Company, but that he had no interest of any nature with these or other companies except that for the two named he has been acting as legal advisor.—*Atlanta Constitution, July 26, 1928.*

MASSACHUSETTS

The quarterly Luncheon Meeting of the Massachusetts Industrial Lenders Association was held on July 18, 1928, at the Pemberton Hotel. Pemberton, Mass. Forty-two (42) persons were served with the famous Pemberton Hotel Clam-bake.

Names of persons present.—D. J. Cote, Personal Finance Co., Cambridge; A. G. Zimmerman, Beneficial Operating Bureau, New York City; Frank A. Reed, Beneficial Operating Bureau, New York City; F. M. Gannon, Personal Finance Company, Malden; C. J. Ahearn, Beneficial Loan Society, Lynn; H. J. Levensohn, Beneficial Loan Society, Boston; T. E. Arnold, Personal Finance Co., Worcester; Reginald H. Smith, Atty., Counsel, Boston; Lawrence E. Green, Atty., 60 State Street, Boston; C. B. Baldwin, Beneficial Operating Bureau, New York City; Geo. W. Wightman, Vice-President, Personal Finance Co., Cambridge; A. Youngerman, New England Equity Corp., Boston; J. H. Devlin, National Loan Society, Cambridge; Morris Greenman, Van Dam Loan Company, Boston; Samuel Michelman, Northampton Loan & Finance Co., Northampton; Arthur S. Manzi, Worcester; A. Greenspan, Service Mortgage Corp., Holyoke; Pomeo Emilio, Italian Finance Co., Worcester; East Boston Columbus Assoc., E. Boston; Mario Calviri, Savoy Commercial Co, Inc., Boston; Frank Tomasello, Savoy Commercial Co., Inc., Boston; Simon A. Flynn, Service Mortgage Corp., Holyoke; John Zeilinski, Service Mortgage Corp., Holyoke; Otto M. Driekorn, Service Mortgage Corp., Holyoke; S. E. Blandford, Superior Finance Co., Boston; Martin W. Newman, Ideal Finance Assoc., Boston; Leon E. Granstein, Atlas Finance Corp., Boston; Joshua S. Lipkin, Atlas Finance Corp., Boston; D. J. Wholey, American Loan Co., Lowell; P. H. McMullin, American Loan Society, Worcester; J. T. Cronan, National Loan Society, Boston; A. I. Rowe, Fitchburg Real Est. & Loan Co., Fitchburg; Thos. P. Corcoran, Jr., Pioneer Loan & Finance Co., Westfield; Edward G. Crotty, Pioneer Loan & Finance Co., Westfield; Dr. Edward J. Simmons, Pioneer Loan & Finance Co., Westfield; Arthur D. Marcoullier, Pioneer Loan & Finance Co., Westfield; Michael M. Corcoran, Pioneer Loan & Finance Co., Westfield; Earl E. Davidson, Supervisor of Loan Agencies, Boston; Eugene F. Hurd, Beneficial Loan Society, Dorchester.

The meeting was called to order by the chairman who presented Reginald H.

Smith, the association counsel. Attorney Smith spoke on coöperation amongst the association members if the association is to progress. He also spoke on various credit and instalment business in general that publicity was needed in order to come to a clear understanding between the money lenders and the general public. He was applauded for his well fitted and interesting talk to those present at this meeting.

Chairman presented Earl E. Davidson, Supervisor of Loan Agencies, who needed no introduction, and he was well received with applause. Mr. Davidson spoke on more coöperation with the Licensee and his department. He spoke very friendly and asked that each licensee carry out more carefully the Rules and Regulations of his department regarding reports, promptly and carefully of each employee being transferred, discharged or resignations of any member of an office. Also of the good work being done by the association in policing the Small Loan Business and report all offenders of the Uniform Small Loan Law Ethics.

The chairman next presented C. B. Baldwin, of the Beneficial Operating Bureau, Inc., of New York City. Mr. Baldwin spoke very forcibly on coöperation and more coöperation amongst the money lenders of different state associations. He said it was needed for a better understanding with the public at large and that more coöperation and publicity was needed in bringing the small loan business in its true light to the general public. Mr. Baldwin's little talk to the boys was well received and a good hard applause was given him as an appreciation.

The chairman requested the secretary to read the minutes of the previous meeting with the Secretary's Report and the special meeting of the Executive Committee held June 11, 1928.

To the Officers and Members of the Massachusetts I. L. A.:

I hereby submit the following as my report as secretary for the quarter ending July 18, 1928:

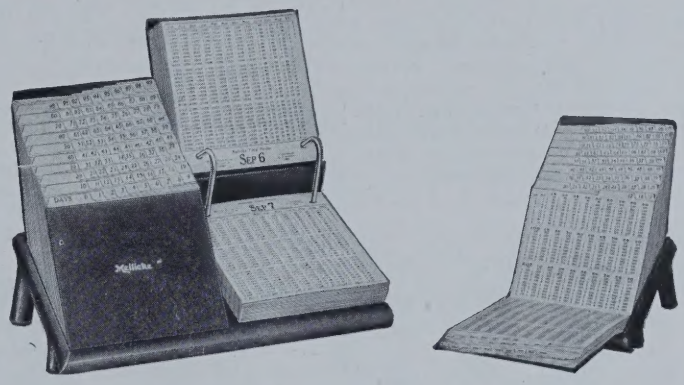
Membership in the Association, April 18, 1928	42
New Membership	1
Total,	43
Member suspended (M. A. C.)	1
Present membership	42
Members who have paid dues to date	36
Members delinquent on dues	6
	42
Amount of cash on hand in Treasury April 18, 1928	$1,154.50
Total receipts from all sources since April 18, 1928	134.00
Total Receipts	$1,288.50
Expenditure since April 18, 1928	397.90
July 20, 1928, Balance in Treasury	$890.60
Licensees in Massachusetts, September 30, 1927	122

Motion made and seconded the minutes of the previous meeting, and secretary's report, be accepted and spread on the minutes.

Motion made and seconded that the minutes of the Executive Committee be accepted as report of progress.

Meilicke

Time and Interest Calculators



Lower the Costs That Eat Into Profits

LIKE oil in your car, Meilicke Time and Interest Calculators will make your business go farther, faster, smoother at less expense if you use plenty of them. Your employees spend most of their time getting answers by the scratchpad route. With Meilicke Calculators they flip down a card and instantly enter, post or bill the right amount—proved right. Hundreds of Meilicke Calculators are saving thousands of expensive man-hours for loan companies. The saving is all profit, for the small investment was quickly repaid.

The Meilicke Calculator on the left is a combination time and interest calculator. Turn down the right hand card to the current date, and read direct expired time to any date within a year. Turn down left hand card for that day and read direct interest on any amount for that time. Price $80.00.

The Meilicke Calculator on the right is an interest calculator only. Flip down the card for the expiration date, and read direct the interest to that date on any amount at any rate. Every answer PROVED correct. Approved by all state examiners. Price $40.00. Try either or both of these calculators for thirty days free.

If our Local Agent cannot supply you, shipment will be made from the factory.

MEILICKE SYSTEMS, Inc.

Makers of Time-Saving Devices

3462 N. Clark St. Chicago, Illinois

TREASURER'S REPORT

Balance on hand July 18, 1926 $890.60
Corresponding with secretary's report.

Report of Legislative Committee

Mr. Zimmerman, Chairman of this committee, reports that nothing alarming was in progress at this time, and that all violation of the Small Loan Law Ethics should be reported at once to the Secretary of the Association or Attorney Smith, the association counsel.

Motion made that the Legislative Committee report be accepted. It was voted and accepted.

The By-Law Committee Report

Mr. Wholey, chairman of this committee, reported that some progress has been made in this work and asked more time to complete this work, and that a report on by-laws would be brought at the next meeting for adoption. Motion made and seconded that the chairman of the by-law committee be granted more time to revise the by-laws and same to be presented at the next meeting for adoption. It was voted and accepted.

Membership Committee

Mr. Wholey, chairman of this committee, reported that the Membership Committee is progressing. Motion made that report of this committee be accepted and placed on file.

NEW BUSINESS

Uniform Paper Committee

Mr. Newman asked that this committee be discharged as the work on Uniform Papers had been accomplished. Motion made and seconded, that the Uniform Papers Committee be discharged and a vote of thanks extended for the good work accomplished by this committee.

Chairman read some letters received by the secretary, G. W. Kehr, of the American Industrial Lenders Association, requesting financial assistance from each State Association to support the National Body of the work in progress with expenses to carry on this work.

Motion made and seconded that the treasurer of the association draw a check for $100 (one hundred dollars) and forward same, through the association secretary, to Secretary Kehr of the American Industrial Lenders Association as the Massachusetts I. L. A. share of the expense donation. It was voted, accepted and spread on the minutes.

Chairman suggested that the next meeting of the Massachusetts Industrial Lenders Association be held on October 17, 1928, at 12:30 p. m., at the New Parker House, Boston, Mass., that it be the annual meeting and the election of officers take place at this meeting.

Motion made and seconded that the next meeting October 17, 1928 be the annual meeting and election of officers. It was voted and carried.

Motion made that the chairman be elected delegate to the National Convention at Grand Rapids, Michigan, on September 19, 20 and 21, 1928, at the expense of the association. The treasurer to advance him check for expenses to and from, and that the chairman make report of progress of the convention with expense report, at the next meeting.

Motion also made and accepted that Vice-Chairman Blandford be elected alternate delegate to the convention. The above motion was voted and accepted and spread on the minutes.

Application for membership was received from the following named companies: Industrial Bankers of Waltham, Inc., Waltham; Industrial Bankers of Brockton, Inc., Brockton; Pioneer Loan & Finance Corporation, Westfield; Atlas Finance Corporation, Boston; East Boston Columbus Association, East Boston.

Motion made and seconded that the five loan companies named be accepted as members of the association from this date. It was voted that the above named companies be accepted in the association.

There being no further business to come before the meeting, it was agreed and carried to adjourn at 4:45 p. m.

D. J. COTE, *Secretary.*

DEPARTMENT OF BANKING
Harrisburg, Pa.

INSTRUCTIONS TO SMALL LOAN LICENSEES
JULY, 1928

The following instructions are issued by the Secretary of Banking for the purpose of eliminating from the operations of small money lenders certain disapproved and unlawful practices on the part of licensees that have been disclosed by Department examinations;

1. *Supervision.* No licensed loan company shall advertise that it is under the supervision of this Department.

2. *Paid Accounts.* When loan accounts are paid, all notes shall be promptly returned to borrowers and all judgments satisfied of record.

3. *Large Loans.* Interest charges for loans in excess of $300 shall not exceed 6% per annum. Any and all charges for such loans will be considered as interest.

4. *Attorneys Fees.* The borrower shall not be required to pay any fee for services incident to the recording of notes, satisfying judgments, or searching titles.

5. *Office Records.* All offices shall maintain an approved cash book, individual ledger accounts and a general ledger, except as has been specifically ruled for branch offices. Interest and principal payments shall be segregated in the individual ledger accounts.

6. *Receipt Card.* Section 3 of the Act of June 4, 1919, requires the licensee to give to the borrower, at the time of making the loan, a receipt or card, upon which shall be stated the date and amount of the loan, the date and amount of each payment thereon and the rate of interest charged; also that Section 2 of the Act shall be printed on the back thereof. The Department further requires that the principal balance remaining due after each payment shall be shown; also that any payments, or parts of payments, that are to apply to interest shall be shown as such on the receipt card.

7. *Interest.* All precautions possible shall be taken to restrict errors in interest calculations to a minimum.

Interest shall not be compounded, either for the purpose of renewal or for any other purpose.

Interest shall only be charged from the date the borrower receives the money. Charging interest from the date of the application, or any other date, will not be permitted.

No interest shall be deducted when a loan is made, nor shall it be credited directly or indirectly to an income account until it has been earned and collected.

Interest shall not be added to principal and the total thus obtained divided into equal payments without designation as to which payments, or parts thereof, are credited to interest.

No interest shall be accepted until it has been earned at the rate of 3½% per month. Accepting payments prior to due dates may result in violations of the law.

8. *Fines.* No fines shall be charged for delinquency. This does not mean that additional interest may not be charged at the legal rate for the days of delinquency.

9. *Rebating.* The Department cannot, of course, object to licensees rebating interest to borrowers. However, this plan of operation, as well as many other complicated plans being used, could be eliminated by using the simple plan of interest calculation and collection intended by the Small Loan Act and described hereafter:

10. *Computation and Collection of Interest.* Section 2 of the Act, as amended, authorizes licensees to charge interest at a rate not to exceed 3½% per month. It further specifies that interest shall be computed only on unpaid balances for the time that has elapsed at dates of payments. The intent of the law is, therefore, perfectly clear. While interest may be charged at a rate that is less than 3½% per month, it shall be computed only on unpaid balances and for the actual elapsed time. This means that all other plans of interest computation are illegal and the Department reserves the right to rule out as such any plan that deceives the borrower as to the rate of interest he is actually paying, or that, through carelessness or intent, results in interest being collected before it has been earned at the legal rate on unpaid balances. It will, therefore, be necessary for some licensees to change their plans of operation promptly and for others to use greater precautions than have been employed in the past to avoid violations that have resulted from the use of other plans of computing and calculating interest than the simple one intended by the Act.

11. *Purchasing Leases or Commercial Paper.* Licensees have no authority at law to discount or purchase leases or commercial paper, according to an opinion of the Attorney General to this Department, which further states that engaging in such business would be a violation of the Small Loans Act.

12. *Co-Makers, Endorsers or Guarantors.* A Co-maker shall be considered the same as a maker on a note. No individual may, therefore, be a maker or co-maker, or both, on notes aggregating more than $300.

There is no limit to the amount of loans for which an individual may become endorser or guarantor. This amount is left to the judgment of the licensee.

13. *Place of Business.* No loans shall be made or payments on account thereof shall be received at any place other than that designated in the license certificate.

14. *Assignment of Loan Proceeds.* The proceeds of a loan shall not be paid to a third person, unless a proper assignment thereof shall first have been obtained from the borrower by the licensee.

Supplementary instructions will be issued to licensees from time to time as the necessity may arise.

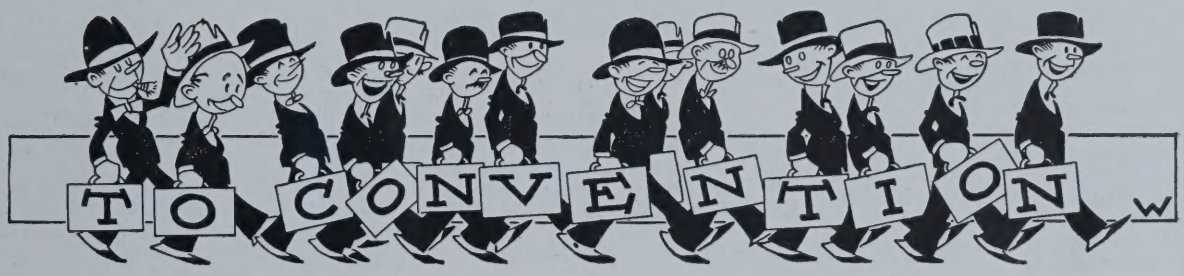
PETER G. CAMERON,
Secretary of Banking.

LENDERS

Here is the *Question*

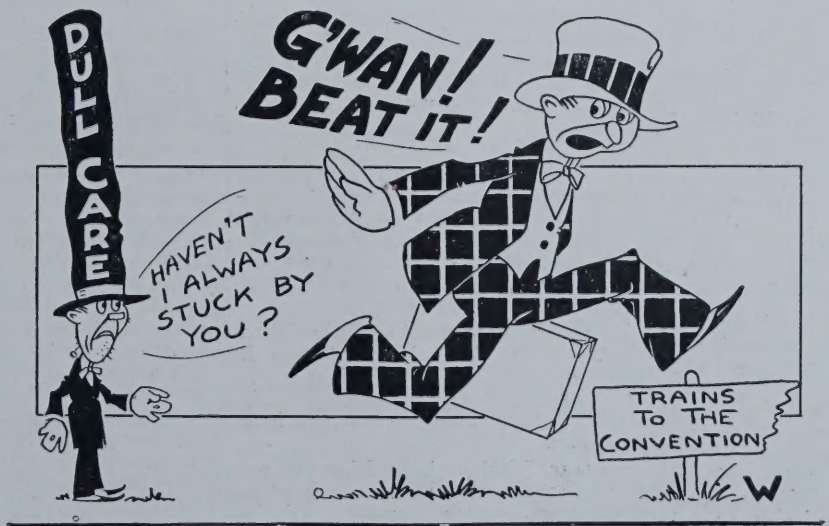
ARE YOU READY FOR THE BIG CONVENTION?
WE ARE, AND WHAT A TIME WE'LL HAVE!

WILL YOU BE ONE OF THESE
HAPPY LOOKING DELEGATES



Be Sure and Leave Dull Care Behind for We Are
Going to Have a Grand and Glorious Time

OH! SURE BRING THE WIFE



IT WON'T BE LONG NOW

Grand Rapids Industrial Lenders Association

620 Grand Rapids National Bank Building

NEW MEMBERS

Add these to your 1927 Yearbook Directory:

Provident Loan Society, 416 Empire Bldg., Milwaukee, Wis.

Surety Finance Co., 7 N. Third St., Walla Walla, Wash.

Household Finance Corporation, 196 W. Water St., Milwaukee, Wis.

North Jersey Personal Loan Co., 210 Main St., Hackensack, N. J.

American Loan Co., 901 Stephenson Bldg., Detroit, Mich.

Personal Finance Co., 9509 Gratiot Ave., Detroit, Mich.

Kent Loan Corporation, 523 Michigan Trust Bldg., Grand Rapids, Mich.

Guaranty Finance Corporation, Edina, Mo.

Personal Finance Co., 12728 E. Jefferson Ave., Detroit, Mich.

Personal Finance Co., 312 S. Ohio Ave., Sedalia, Mo.

Personal Finance Co., 3 S. Barstow St., Eau Claire, Wis.

Personal Finance Co., 837 S. Eighth St., Manitowoc, Wis.

The Mutual System of Hartford, Inc., 847 Main St., Hartford, Conn.

Metro Loan Co., 601 Corby Bldg., St. Joseph, Mo.

Personal Finance Co., 405 Bartlett Bldg., Milwaukee, Wis.

The Workmen's Finance Corporation, 310½ Market St., Parkersburg, W. Va.

Home Loan Co., 25 Arcade Bldg., Clarksburg, W. Va.

Beneficial Loan Society, 19 E. Milwaukee St., Janesville, Wis.

Personal Finance Co., 20 E. Market St., Lewistown, Pa.

Personal Finance Co., 124 E. Queen St., Chambersburg, Pa.

M. E. Way Finance Co., 119 E. Washington Ave., Madison, Wis.

Personal Finance Co., 112 W. Crawford Ave., Connellsville, Pa.

Personal Finance Co., 5038 Joy Road, Detroit, Mich.

Personal Finance Co., 330 Board of Trade Bldg., Superior, Wis.

The Guardian Plan, 142 Market St., Newark, N. J.

Lincoln Loan Co., 6240 S. Halsted St., Chicago, Ill.

American Loan Co., 592 Mitchell St., Milwaukee, Wis.

Star Finance Assn., Inc., Main and Washington Sts., Toms River, N. J.

Mayflower Loan Co., 817 Empire Bldg. Milwaukee, Wis.

Beneficial Loan Society, 2111 Woodward Ave., Detroit, Mich.

A BAD BUSINESS

The history of the loan shark fight in Atlanta is that of unfailing success in the recovery of usury from loan sharks in the civil courts.

But in the criminal courts, there have been two acquittals and only one conviction in the past three years.

Civil juries are willing to make a usurer disgorge. Criminal juries, however, who could at one verdict put an end to the whole miserable cancer on social life of our community, have recently returned verdicts of not guilty. In one instance an employee of the Lamar Investment Company solemnly testified as to the whole conspiracy, and this in turn was corroborated by dozens of witnesses. True an agent and not the owner of the business was on trial—and true, too, the state later rewrote and claried its indictment, but a jury of five men released and in a measure vindicated a man whose life occupation was that of working a Negro district of this city and purchasing salaries on a renewal basis.

In another instance it was shown that one of these usurers had taken $180 on $50 as monthly renewal fees of two years on assignments given to secure a loan. He was released.

Charges of from 100 to 200 per cent interest have frequently been proven.

The state has had great difficulty in bringing these violators of the law to trial. For many months some one of the many attorneys pleaded illness. The defendants were unwilling to go to trial unless the week's panel of jurors contained a reasonable number of friends or relatives with "reasonable" doubts.

The state has learned much in the trial of these cases.

The loan shark fight, on the whole, has been successful, so far, but there should be no lessening of the effort to stop the evil. State officers should not lag nor render half-hearted service now.

It is to be hoped that some day some jury with unusual sense of duty will make an example which will quickly end this nefarious practice.—*Atlanta Constitution,* July 19, 1928.

OHIO

Program 1928 Mid-Summer Convention of the Ohio Industrial Lenders Association, Cedar Point On Lake Erie, July 25, 26, 27, 1928.

WEDNESDAY, JULY 25, 1928

Registration—Convocation, 2:30 p. m. (In Convention Room, last room on left in hall back of desk.) Call to Order. Report of Officers. Reports of Committee Chairmen. Appointment of Committees. New Business.

WEDNESDAY NIGHT, JULY 25, 1928
At 8:00 p. m.

Entertainment: Alfred P. Saal, Magic, Ventriloquism and Shadowgraphs. Over Exhibition Hall, near dining-room entrance. Get Guest Tickets from the Secretary. Bring the youngsters.

THURSDAY, JULY 26, 1928

All Day Managers Meeting. J. C. Graham, Chairman, Manager The Community Collateral Loan Co., Toledo, O.; J. J. Duke, Vice-Chairman, Manager The Buckeye Finance Co., Canton, Ohio.

EVENTS

1. Should Mortgages be Filed? If so, Why? If Not, Why Not? Arthur L. Kauffman, City Loan & Savings Company, Canton, Ohio. Discussion by L. L. Young, Lincoln Loan Company, Cleveland, Ohio.

2. Large Display Advertising, Harmful or Beneficial? Harry Ervin, The Progressive Finance Company, Cincinnati, Ohio. Discussion by P. K. Benner, Ohio Finance Co., Columbus, Ohio.

3. Explaining Interest Charges to Customers. M. Austin Potter, Fostoria, Ohio. Discussion by D. M. Tait, Community Finance Co., Toledo, Ohio.

4. How Far Should a Manager Carry Economy in Office Management? B. L. Thuma, Capitol Loan Company, Columbus, Ohio. Discussion by F. E. Barringer, Lima Loan Company, Lima, Ohio.

5. Annuity Funny Sheet of Humorous Loan Experiences. E. E. Beyer, Cincinnati, Ohio.

6. What Mental Picture Does Your Advertisement Create in the Mind of the Prospective Borrower? R. R. Heath, City Finance Company, Toledo, Ohio. Discussion by Kenneth McClure, Troy, Ohio; Lester DeWeese, Piqua Collateral Loan Co., Piqua, Ohio.

7. Do House to House Circularization Results Justify the Public Criticism? Frank J. Schneider, Household Finance Company, Cleveland, Ohio. Discussion by O. Langhorst, Household Finance Company, Dayton, Ohio.

8. The National City Plan of Lending Money. Prepared by Dr. Mueller.

THURSDAY NIGHT

Annual Association Dance. In Pavilion. In section reserved for our exclusive use. Good music. Refreshments. Favors for the ladies. Let's dance.

FRIDAY, JULY 27, 1928

Continuation of matters of Wednesday.

SUGGESTED TOPICS

A. Explanation and discussion of the proposed act to restrict and regulate the purchase of wages so as to avoid amendment to the Lloyd Act.

B. Explanation of suggested amendment to the bill of sale act converting it into a "Certificate of Title" Act.

C. Supplementing and bringing up to date the pamphlet prepared in 1925 showing decisions rendered by our courts during the past three years.

D. Shall there be a $300.00 limit in Ohio?

E. Proposed Amendment to Constitution.

[We hope to publish an account of this convention in our September issue.—EDITOR.]

SMALL LOAN BUSINESS

Several of the large banks have arranged to make small loans to people without security in sums of $50 to $1,000, and we reprint from the *Financial World* the following article:

PULLING LOAN SHARKS' TEETH

One of the constructive outcomes of the crusade inaugurated by Albert Ottinger, Attorney General of New York State, against the loan sharks who exact their pound of flesh from their victims, is the awakening among corporations of an opportunity on their part to provide their workers with loans on a reasonable basis where necessity justifies such borrowings. Such a policy can well be adopted with little risk to our large corporations and it will not only pay but pay well in the increased good will developed. Where this experiment has been tried it has shown that losses have been negligible. This is not surprising, for the loan sharks will confess that the integrity of the small borrower is of the highest. This is also the experience with small tradesmen among their customers. The idea of establishing funds from which employees can borrow at the prevailing rate of interest is likely to spread rapidly among our large corporations.—*Morley's Market Letter,* July 23, 1928.

The National City Bank Plan of Small Loans

By Charles G. Muller, *President, Community Finance Service, Philadelphia*

Banking, including borrowing, is being brought within reach of the humblest. Democracy has made many advances since the war. "In the field of finance, it has made extraordinary strides in this country," says B. C. Forbes.

The announcement of the National City Bank of New York that it has perfected a plan to make loans of $50 to $1,000 to workers at a straight 6% interest rate, upon no other security than two endorsers, has caused nation-wide interest among the banking fraternity, and has drawn equally broad comment from the press. This is not because, what is regarded as the largest banking institution in America, has originated a new idea in finance but rather this stately institution of vast wealth has created a new machinery to augment its staid business of commercial banking. There is ample record that many other banks have been operating so-called "Personal Loan or Small Loan" Departments over a period of time. The National Bank of Commerce, St. Louis, Mo., over which Mr. John G. Lonsdale presides, was probably the pioneer. This bank attracted public attention a few years ago when announcement was made of its intention to serve the wage earner in the capacity of making small loans on character—and two responsible endorsers, at the legal banking rate of interest.

It was due to the fact that the National City Bank, through its statistical department, was enabled to give first and forefront recognition to the ever existing need of 88% of the people comprising America's creative power, that they were satisfied at least to the extent of undertaking the experiment now so widely discussed. The establishment of the National City Personal Loan Department marks the entry of the big bank into a field that has been pretty much avoided by commercial banks of the country, especially in New York City. Then again, the proposed liberality of the National City plan of making personal loans without collateral to salaried men and women, in amounts ranging from $50.00 to $1,000.00 at a discount rate of 6% per annum, without frills or extras, has much to do in arousing the favorable comment prevalent.

The National City Bank plan is patterned very much after the Morris Plan of operation in that the loans are made in sums of $50.00 and multiples thereof up to and including $1,000 and other amounts. The current banking rate of interest, 6% per annum, is deducted. (Because of the method of repayment, the actual return to the bank, will, as calculated by the *New York Journal of Commerce*, be nearer 9 than 6%, which probably accounts for the bank's generosity in allowing compound interest of 3% on savings deposits paid as an offset, presumably on account of loans made.) The customary investigation fee charged by Morris Plan is taboo. The borrower is required to obtain the signature of two responsible co-markers on the note. A co-marker may be a fellow employee of the applicant, office manager, partner, employer, merchant, professional man, relative or anyone of good character and satisfactory earning power. The character of the co-marker, however, does not determine the loan, it was said, since the object of the bank is not to put out money, but to perform service for someone who needs it and deserves it; and the applicant himself must qualify. The loan is drawn for a period of one year. When the loan is made, the borrower does not contract to repay same on account in weekly or monthly instalments, but instead, in order to place the borrower in a position to meet the obligation when due, the bank provides that deposits be made either weekly, semi-monthly or monthly, in a compound interest account. Interest is paid on these deposits at the regular rate of interest in the bank's compound interest department, which is 3% per annum, compounded monthly. An example of how the loan would work out is contained in a leaflet handed to each applicant by the bank:

"Suppose you borrow	$108.00
You pay the bank discount of 6% or	6.48
that leaves you in cash	$101.52

The leaflet further describes:

"Deposit $9.00 a month for 12 months—in a compound interest account—a total of $108.00, sufficient to pay off the loan; but you will receive from the bank, interest at the annual rate of 3%, compounded monthly, on these $9.00 monthly deposits. This amounts to about $1.48, if all deposits are made promptly when due. This interest accumulation, if you wish, may be used to reduce the amount required on your final deposit, or it may be used to start building up a cash reserve or investment fund." This move on the part of the National City Bank was explained by President Charles E. Mitchell: "As a logical step in the policy of an institution to enlarge the facilities which it offers to people of moderate means. Our contact with this great number of small depositors," said Mr. Mitchell, "has brought to us an understanding of their problems, their periodic necessities, financial requirements, and a realization that to give them the opportunity of safe-guarding their savings by deposit without furnishing on the other hand, a means by which they can under necessity, borrow on reasonable terms, constitute an unbalanced relationship and points to a lack of comprehensiveness in financial service."

"To provide this, we have now inaugurated a plan for the extension of loan facilities to persons of moderate means who more or less constantly face the emergencies which cannot be met with funds accumulated out of current income."

"Our contacts with people of this class have given us a confidence in the integrity and character of the average individual. While it is not our purpose to encourage anyone to borrow except under stress of circumstances, we have faith that loans so made can and will be paid, where incident thereto the spirit of thrift can be kept alive."

Thus do we have at once an admission and recognition that the services of the legitimate, licensed small loan company present day has struggled worthily to bridge that gap between commercial lending and the financial needs of the masses.

According to a news item in the *New York Times* of Sunday, May 13, 1928, "Officials and employees of the bank, who since the inauguration of the plan, have been receiving a stream of applicants for loans, have been much too busy to consolidate any generalizations about the people who have actually come before them, but it was said by observers that the chief necessity with which prospective borrowers were confronted was the meeting of expenses in connection with illness. About 500 persons appeared on the day the service was inaugurated; 800 the second day and 1,000 on the third. Forty per cent of them, it was estimated, were women."

When a loan is closed by the National City Bank, the applicant receives a folder in which this advice is contained:

"The service of the Personal Loan Department does not end when a loan has been approved. Its purpose is to help customers toward financial independence. When a corporation borrows money to carry on its business, the bank wants to know the business is being conducted in a profitable way, so that the money will be paid back at the proper time. In that respect, an individual is much like a corporation when it comes to borrowing money. Your job, and the manner in which you handle your income from it, comprise your business. If you run your 'business of living' at a profit—that is, if you are able to save something each pay day from your salary—you will be able to meet your obligations when they come due."

With the advent of the National City Bank's plan of engaging in the business of making personal loans, the question naturally follows: What will the influence of this act be on other banks throughout the country? Many banks have stated frankly that they have given considerable consideration to the business of making small or personal loans. What effect will the National City Bank's venture have on these procrastinating bankers?

From the very limited resources of the writer, it will be interesting to note that banks pretty generally, over a wide area, are coming forward with announcements of establishing a similar Personal Loan Department. Among them we have The First National Bank of Hoboken (near Jersey City, N. J.), the Commercial Trust Co. of New Britain, Conn., Atlantic County Trust Co., Atlantic City, N. J.; Southwark National Bank and Southwark Title and Trust Co., both of Philadelphia, Pa., Dime Bank-Lincoln Trust Co., Scranton, Pa.; The Wildwood Thrift and Loan Corp., Philadelphia, Pa.; the Downtown Trust Co. and the Peoples National Bank of Elizabeth, Elizabeth, N. J.; Peoples-Liberty Bank and Trust Co., Covington, Ky.; Brotherhood of Railway Clerks National Bank, Cincinnati, Ohio, and many others, all of whom are occupying considerable feature dis-

play space in newspapers of their respective communities, calling attention to the bank's entry into the business of making small loans to wage earners.

According to J. C. Boyle, a news writer, many banks throughout the country are interested in the National City's experiment. He says "Over 1200 banks through the United States have communicated with the two institutions in New York (National City Bank and Bank of United States) which established this Personal Loan Service some weeks ago, asking how it is working out and requesting full details in order that they may establish similar policies."

"The success of the policy seems assured, although its sponsors are still unwilling to issue definite figures regarding it until a full month shall have elapsed from its inauguration. It is known, however, that one bank has been extending loans at the rate of $5,000.00 a week since the start. Banks in many of the larger cities from New Orleans to the Canadian Border have notified the public that they have set aside funds for such loans. The movement seems to be becoming general and many financiers believe it will have a far reaching effect on the life of the nation."

Among the banks that have been conducting small loan departments for several years at least, we have:

West-Jersey-Parkside Trust Co. of Camden, N. J., Hudson County National Bank of Jersey City (operating since October, 1924, and according to Frank C. Ferguson, its president, "More than 5,000 personal loans have been made without a single loss").

A number of other banks in the vicinity located in Bayonne, West New York, Hoboken, Paterson and near-by New Jersey cities, each of whom have had variable success with their Personal Loan Departments. Some banks have closed them, the consensus of opinion being, that the Personal Loan Departments of the banks do not operate at a profit, but rather are operated for the purpose of acquainting a wider number of folk with the facilities of the particular bank offering small loan service.

In Philadelphia, the management of the street railways (Mitten Management, Inc.) are trying out an interesting experiment. They organized Mitten Bank early in 1926, and purchased the local defunct Brotherhood of Locomotive Engineers Title & Trust Co., a so-called labor institution. On September 6, 1927, Mitten Bank opened an Industrial Loan Department, apeing the Morris Plan in every detail, including the charge of an investigating fee of $1.00 for every $50.00 borrowed and multiples thereof, but not exceeding a total charge of $10.00 for any loan. The industrial loan department of Mitten Bank, however, was not located in the bank, as is the case with the National City and other banks, but instead, the Industrial Loan Department was segregated to the city ticket office of the street railways company, three blocks from the bank, where applications for loans are received and payment made.

In a circular issued by the company a few months after opening, it states: "More than 1,600 people since September 6th have been helped by the Mitten Bank Workers' Loan Plan, amounting to $350,000, an average of about $250 per person."

"Service Talks" published under date of May 26, 1928, by Mitten Management, Inc., Managers of Philadelphia Street Railways (which, by the way, includes every mode of transportation; subways, elevated, surface lines, motor busses, taxis and even airplanes), this statement appears: "Much of this service (small loan) is as yet unprofitable, but against these losses can be applied the profits of the more lucrative business," which analyzed—according to our interpretation, means that the small loan department has not been profitable and whatever profits that have accrued to the bank have emanated from other business transactions. It will be interesting to note that the Mitten Bank in their attempt to bring the Personal Loan Department before the public, had small circulars printed, describing the personal loan plan. These were placed in racks conveniently fastened to the backs of the street car seats, in stations, taxis and other conspicuous and convenient places so that all who rode, and this number reached several millions daily, could, to paraphrase the old axiom "read while they ride." It will be interesting to note that Mr. Freas Brown Snyder, Executive Vice-President of Mitten Men and Management Bank & Trust Company, had to say when addressing the members of the American Institute of Banking, in Philadelphia, on Tuesday, June 19, 1928, in annual convention, regarding the progress of their small loan department. Mr. Snyder said, "There may be a tendency on the part of banks to rush into the small loan business in anticipation of increased profits, but they too, will find that the profits are in proportion to the cost and risk, and those who have not planned wisely will gradually withdraw from the field."

An executive of a large chain of industrial loan offices operating under the Ohio and similar small loan laws, interviewed nearly two score bank officials in nearly as many cities shortly after the National City Bank made its opening announcement. He found an overwhelming opinion among the bankers interviewed that the small loans were not only unprofitable but were a source of considerable annoyance and trouble. In not a few instances, these bankers cited specific cases where prominent and highly desirable depositors, who acted as endorsers, had been embarassed and offended when demand for payment was upon them because the borrower had defaulted or absconded. In some such instances, the endorser closed his account with the bank. Many of the bankers expressed a preference to watch the experiment. Others stated they had always made small loans but only in occasional instances where it was deemed to be a special accomodation or an experiment, but would not adopt a definite policy of making small loans.

In summarizing in generalities, it would, therefore, seem to indicate that the field of the industrial lender has not been narrowed as the result of the educational work being done by banks throughout the country who established small or personal loan departments. It is primarily and finally the function of the specialized, legitimate industrial lender to satisfy the financial needs of that great mass of workers who are without banking collateral, nor possessed of sufficient good fortune to find two acceptable co-makers who will share his responsibility in negotiating a loan or in any subsequent accommodations that may be needed, as emergency demands in life always so filled with vicissitudes. Especially is this true of many employees whose source of earning power carries with it a hazard of personal injury or the caprice of uncertain weather conditions. The claim that no competition exists between banks and industrial lenders has been further strengthened recently by two decisions of the Supreme Court of Iowa, as reported in the *Northwestern Reporter*, Volume 219, wherein the court held, "That the capital of licensed lenders, operating a chattel loan business is not moneyed capital in competition with national banks."

In the case of Welfare Loan Society of Des Moines vs. City of Des Moines (38748), we quote from the language of the court:

"Officers from various national banks in the City of Des Moines were called to the witness stand in behalf of plaintiff and explained their method of doing business in the handling of small loans. In each instance, however, the testimony of these officers showed that there is in fact no competition between these small loan companies and the national banks. Each has its place in the financial world. The rate of interest they are permitted to charge shows on its face that in reality there could be no competition between them and the national banks."

If additional proof that no competition exists between banks and industrial lenders, this should suffice.

Any business, legitimately and honestly conducted, filling a constructive need, efficiently and courteously rendered to fill that need, has small cause for competitive concern.

Read at the Mid-Summer Convention of the O. I. L. A., held at Cedar Point on Lake Erie, July 25, 26, 27, 1928.

SYDNEY, AUSTRALIA,
(Box 2922 NN, G. P. O.)
July 14, 1928.

THE SECRETARY,
American Industrial Lenders Assoc.,
Box 778
10 S. Market Square,
Harrisburg, Pennsylvania.

DEAR SIR: A group of my friends in Sydney, men who are convinced that a definite opportunity exists in this city for the extension of remedial and industrial loan banking are very desirous of securing more definite information that is available regarding the progress of remedial banking in the United States. I have searched diligently through the records but find that the literature and experiences dealing with same are very meagre. For that reason, Sir, as a last resort I am writing to you in the hope that you may be able to direct us where more exact and up-to-date information may be obtained regarding this aspect of banking. Perhaps as a courtesy to us you could let us have copies of the proceedings of your more recent annual conventions. You might perhaps also be able to refer us to a source of a literature dealing with the machinery and business of industrial banking.

In comtemplating this activity in Australia my friends are not altogether concerned with the commercial side of the business but are also interested in the aid which can be given to combat the loan

shark evil which is probably just as bad here as elsewhere in the world.

Your assistance in this direction I can assure you will be very, very much appreciated and reciprocated in due course.

Yours very truly,
MacIntosh Ellis.

COLLEGE WISDOM

"These are my own figures," said the professor. "They're the figures of a man who knows what he's talking about."—*Annapolis Log.*

There sure was some hot necking when Uncle Amos got too near the gas with his celluloid collar on—*Michigan Gargoyle.*

Some students graduate with *Cum Laude,* others don't even know he's in the class.—*Bison.*

It's a strong stomach that has no turning.—*Pitt Panther.*

It must be disappointing to the fraternity man to go to college for four years and have nothing to show for it but an education..—*Minn. Ski-U-Mah.*

The most pathetic grad was the one who took four years to learn how to part his hair in the middle, and then he got his diploma and became bald-headed.—*Bison.*

"I'm sure gettin' into a pickle," said the worm as he bored his way into the cucumber.—*Ollapod.*

If all the pure-minded critics of college editors were lined up against a stonewall, the editors would reach for shotguns.—*Iowa Frivol.*

It's a comparatively soft job to hard-boil eggs; but it's hard to soft-boil them.—*Black & Blue Jay.*

A woman, generally speaking, is generally speaking.—*Oregon Orange Owl.*

A diamond is a woman's idea of a stepping stone to success.—*Arizona Kittykat.*

Of all the sad sights in ocean travel the saddest of all is to see a whale blubber.—*Utah Humbug.*

ALMOST

"Say, that fellow over there looks just like your brother."

"Sure, he is my sister."—*Northwestern Purple Parrot.*

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

BACKS "LOAN SHARK" DRIVE

State Savings Bank Association Will Aid Ottinger on Bills

Buffalo, May 25 (A. P.)—The Executive Committee of the Savings Bank Association of New York State, after the close of the annual meeting here today, voted to join with municipal, State and Federal authorities in a crusade to drive "loan sharks" out of business.

As a first step in this direction, the committee went on record as favoring the enactment by the 1929 Legislature of a *bill or bills which will permit savings banks to make small loans on endorsements alone.* Enabling legislation along this line has been recommended by Attorney General Ottinger, and it was the unanimous opinion of the members of the Executive Committee that the savings banks should assist in bringing about the required legislation.—*N. Y. Times,* 5-26-28.

NATIONAL CONVENTION PLANS

Plans for the Fourteenth Annual Convention to be held at the Pantlind Hotel Grand Rapids, Michigan, September 19th, 20th, and 21st, are assuming concrete form as may be indicated by the following tentative program:

Wednesday, September 19th, 9 a. m.

Invocation, Rev. James W. Fifield.

Address of Welcome, Elvin Swarthout, Mayor of Grand Rapids.

Address of Welcome in Behalf of the Local Members, F. S. Whaler, Chairman, Grand Rapids I. L. A.

Response and Address by President, F. L. Thomas.

Report of the Membership Committee, W. S. Herron.

Report of the Legislative Committee, L. C. Harbison.

Report of the Law Committee, F. R. Hubachek.

Report of the Publicity Committee, L. K. Osborne.

Report of the Finance Committee, W. P. Woll.

Report of the Treasurer and Auditing Committee, T. J. Harrison and H. T. Mattingly.

Report of the Secretary, G. W. Kehr.

Report of Special Committees.

12:30 p. m.

Convention Luncheon at Hotel Pantlind.

Speaker: Lee Bierce, Secretary, Grand Rapids Chamber of Commerce.

2:15 p. m. to 4:30 p. m.

The Years Progress and the Uniform Small Loan Law, Leon Henderson, Director of the Department of Remedial Loans, Russell Sage Foundation.

Business Statesmanship in the Small Loan Business, Franklin W. Ryon, Vice-President National Cash Credit Corporation.

Industrial Loan Companies vs. Commercial Banks, Nick L. Ridenour, Manager, Lincoln Loan Co., Detroit.

How Our Public Thinks, Burr Blackburn, Director, Study of the Social Effect of the Wisconsin Small Loan Law.

6:30 p. m.

Fun Nite, Dinner and Dance.

Thursday, September 20th, 9 a. m.

Coöperation as a Medium in the Elevation of our Business, Louis Goldstein, Manager, Service Loan Co., Detroit.

A Personal Analysis, David H. Fuick, Educational Director, Industrial Lenders Technical Institute.

Coöperation in Handling Transferred Accounts, Ralph H. Hay, Manager, Commonwealth Loan Co., Highland Park.

Ethical Mabies, John D. Williams, Second Vice-President, Community Finance Service, Philadelphia.

Should Automobiles Used by Service Men Be Owned by Them or Their Employers, C. R. Dudley, Manager, City Finance Co., Detroit.

2 p. m.

Conference of Executives and Owners on finances, legislation and policies while this conference is in progress there will be a managers' meeting for the discussion of practical subjects.

2:30 p. m.

Sight-seeing trip for members, ladies and guests, see Irving H. Stroup.

7 p. m.

Convention Banquet Hotel Pantlind.

Toastmaster, F. L. Thompson.

Speakers, J. H. Hudson, Illinois Chamber of Commerce; Edward James Cattell, Philadelphia.

Dancing.

Friday, September 21st, 9 a. m.

Revision of the Constitution and Bylaws.

Unfinished Business.

New Business.

Election of Officers and Chairmen of Standing Committeees.

Announcement of the State that Wins the Attendance Trophy.

ON SECOND THOUGHT

Doctor: "Nothing but an operation will save your life."

Patient: "How much will that cost?"

Doctor: "About five hundred dollars."

Patient: "But I only have a hundred dollars."

Doctor: "In that case, let us see what pills will do."—*Annapolis Log.*

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass. Information upon request.

MEETING SCHEDULE

PENNSYLVANIA—Reading, August 8.

WEST VIRGINIA—Charleston, August 10.

TENNESSEE — Memphis, September 6.

MARYLAND—Hagerstown, September 11.

MISSOURI—Kansas City, September 13.

MICHIGAN — National Convention, Grand Rapids, September 19, 20, 21.

NEW HAMPSHIRE—Blank City, September 26.

MASSACHUSETTS — Boston, October 17.

INDIANA—Shelbyville, November 14.

WOULDN'T STOP THERE

"Why, this lion is tame. He'll eat right off your hand."

"Yeah, an' he'll eat off yo' leg, too."

CLASS DISMISSED—NO!

Frosh: "Are they very strict at Cornell?"

Soph: "Are they? Well, when a man dies during a lecture they prop him up in the seat until the end of the hour."—*Cornell Widow.*

2000 LOAN SHARKS QUIT

London.—As a result of the new Money-lenders' Act, more than 2,000 loan sharks have been driven from business in Great Britain.

LOAN OFFICES WANTED

Individual offices or a chain of any size

SPOT CASH!

Address in absolute confidence

"I" Box 778

INDUSTRIAL LENDERS NEWS

Harrisburg, Pa.

FOR THE "CONFLICT WITH OBLIVION"

BRADSTREET attributed forty per cent of last year's failures to incompetence and inexperience. Merle Thorpe, editor of *Nation's Business,* says "ignorance" is the better word. Today as never before, business is a battle of *brains.* Management *uninformed* has small chance in competitive battle with management *informed.*

This is a call for preparedness—preparedness for autum's battle—the battle of the *informed* against the *uninformed*—the "Conflict with Oblivion." No obligation is involved by your requesting information—just a few minutes of your time to examine our training service.

Industrial Lenders Technical Institute

Approved as a Correspondence School Under the Laws of the State of New York

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York City.

Gentlemen: Please send me, without obligation, information about your correspondence course in successful loan office management.

Name .....

Address .....

City and State .....

Ready For Fall

New Ideas and new art work full of personality and punch are ready to help our customers increase their business from month to month. Write for sample folders and monthly advertising service.

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Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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The Trend of Loan Insurance Plans

THE LIBRARY OF THE
SEP 13 1928
UNIVERSITY OF ILLINOIS

By Arthur C. Ward,
Mgr. Borrowers' Protection Dept. Banker National Life Ins. Co. Jersey City, N. J.

"Who is the pot and who the potter?" the query which applies to-day in the lds of finance, banking and insurance. he era is one which is making it difficult define just where banking service ends where insurance service ends or where e functions of a mortgage company leave f. Charges are being passed back and rth between building and loan associa- ons and life insurance companies; be- een trust companies and banks; be- een small loan companies and industrial nks and individually against all, it ould seem. The claims are that each ters in some way the other's territory d special field.

As each gets into the other's field, the otivating factor seems to be a story of taliation and each institution that oadens its field seems to succeed with new department. The feeling is grow- g that many of these lines are essen- lly related.

Commercial banks have for some time en operating in the insurance field in e way or another and sometimes direct-

A certain chain of industrial banks erating on the "co-maker plan" organ- ed their own insurance company and ve been insuring the lives of their rrowers for some years with success. The plan of insuring borrowers in the nount of their loans to preclude the pos- ility of the co-maker having to pay in event of the borrower's death, or in case of a chattel mortgage, the de- ndents of the borrower having to give their furniture or chattels, is becoming re widespread. It is sound in each spect and is being offered lenders by insurance companies throughout the nited States.

Some of the companies operate on a an which is described as group insur- ce, but which is not really group in- rance and is only salable in certain tes. This plan is a one year term in- rance and decreases as the instalments the loan are paid. A short certificate given the borrower by the lender or a end to the effect that the loan is in- red so that in the event of the death of borrower instalments not yet due reon would be cancelled, is rubber- mped in the Borrower's pass book. Another plan, which is more favorable smuch as it has the approval of the various state insurance departments, is that of issuing a diminishing term policy with all the standard provisions. These policies are issued in terms of twelve months and twenty months. The twenty month policy is designed to care for the twenty month period loans of small loan companies. The policies in the case of the latter method are put up in books and are issuable by the loan company immediately as the loan is in force. The twelve month policy is on a decreasing basis as well as the twenty month policy but a level one year term insurance is also written by some of the companies which provides that in the event of the death of the insured, who is the borrower, the note will be cancelled and the insurance company will pay to the lender whatever balance is due him and to the estate of the insured a sum which represents instalments already paid by the borrower. A collection fee which varies according to the insurance company writing the business is given the lending company.

While these loan protection plans have been in use by industrial banks making loans of from $50 to $2,000 on the co-maker plan, for some time, it is only recently that the plan has been offered to companies operating under the Uniform Small Loans Law. Insurance companies have generally avoided this field due to their lack of experience in it. The impression has been that the mortality in industrial classes is so high as to make such insurance impractical because of the high premium it would be necessary to charge. One Company, the Bankers National Life Insurance Company, because of its connections has specialized in this form of insurance and realized that exactly the opposite was the case. The small lenders mortality record is astonishingly low, was the conclusion of this company and that fact made possible the writing of insurance in small loan companies at a very low premium. That the small loan field is a logical market for this type of insurance is easily discernible. The desire of the borrower to be master of his obligations is his reason for going to the loan company and with this motivating sentiment he realizes when an insurance plan, whereby he may take his debts with him in the event that he dies, attracts him. He recognizes it as a logical and clean-cut way of overcoming this hazard, and in most cases is glad to pay a low insurance premium.

While these plans of insurance seem to have been used only in connection with loans for the past four or five years, life insurance has definitely had a place in the lending business even though seemingly unrecognized. A recognized authority on insurance, S. S. Huebner, explains the connection:

"But life insurance is creative in other ways in this material desire that human beings have to create a competence, and there are just two that I want to call to your attention. On the one hand, life insurance is becoming a tremendous agency for the creation and the maintenance of credit. About eighty per cent of all the business in the world is done on credit. Credit is the life blood of all business and life insurance comes forward to increase the volume of that life blood and to maintain its flow on a better basis. There is nothing new under the sun. One of the very first life insurance policies of which we have any record is a policy granted by members of London Lloyds back in about 1680 on the life of an old merchant of London named Gibbons in order to protect a loan. It was a credit policy, and may I say that the insurers in those days, being individuals, felt they carried a serious risk, because this policy winds up with this significant prayer on the part of the insurer: "and may God grant the said Gibbons be granted long life!"

OHIO

After holding its mid-summer session elsewhere for two years, the Ohio Industrial Lenders Association returned to Cedar Point on Lake Erie in August for a business meeting and outing. The affair proved to be one of the most interesting the association has ever held. President D. H. Pond, of Cleveland, had appointed Vice President L. K. Osborne, of Columbus, Secretary-Counsel J. Fred Anderson, of Springfield, and T. R. Schoonover, of Lima, member of the executive board, as a committee to arrange the outing, while J. C. Graham, of Toledo, and J. J. Duke, of Canton, were a special

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NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.

Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.

Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.

Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.

Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

NATIONAL COUNCIL

Ariz.—F. E. Winship, 123 E. Washington St., Phoenix.

Co.o.—W. W. Kirby, 1030 Gas & Electric Bldg., Denver.

Conn.—M. J. Connors, 76 East Main St., Waterbury.

Fla.—E. R. Kichline, 325 W. Forsythe St., Jacksonville.

Ga.—R. R. Lanham, 205 Forsyth Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—T. J. Harrison, Riviera Theatre Bldg., Waterloo.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—C. A. Gardner, 129 W. Saratoga St., Baltimore.

Mass.—D. J. Wholey, 45 Merrimac St., Lowell.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

Mo.—H. Palmer, 119 N. 7th St. St. Louis.

N. H.—G. L. Skillin, 3 Capitol St., Concord.

N. J.—A. E. Montgomery, 40 Journal Square, Jersey City.

Ohio.—Col. D. H. Pond, 207 Blackstone Bldg., Cleveland.

Pa.—J. G. Bachofer, 18 N. 5th St., Reading.

R. I.—H. G. Neal, 49 Weybosset St., Providence.

Tenn.—John Richards, 301 W. Vine Ave., Knoxville.

Va.—J. E. Burnett, 119 N. 3rd St., Richmond.

W. Va.—A. H. Knox, 370½ Market St., Parkersburg.

Wis.—P. J. Koehler, 331 North Ave., Milwaukee.

STATE SECRETARIES.

Ariz.—L. B. Christy, Phoenix.

Colo.—L. M. Brazier, 320 Symes Bldg., Denver.

Conn.—A. E. Dejon, 109 Church St., New Haven.

Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.

Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—A. H. Werner, 203 Shops Bldg., Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg, Portland.

Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

Mo.—V. G. Wise, 209 Continental Bldg., Kansas City.

N. H.—F. A. Brodeur, 967 Elm St., Manchester.

N. J.—W. S. Buswell, 40 Journal Square, Jersey City.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—L. E. Pope, 209 E. Grace St., Richmond.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee

committee for the managers' session, which was a pronounced feature. The committees were highly praised for their work.

Col. Badger, of the American Industrial Lenders Association, was a guest and gave a very interesting talk. He expressed optimism regarding the future of industrial lending and said that the business is rapidly becoming recognized as one of the fundamentals of society.

The constitution of the association was amended so that the regular semi-annual meetings will be held on the fourth Wednesday in January and the fourth Wednesday in July each year. The purpose of this is to accommodate those persons who may desire to arrange a schedule, making it possible for them to attend all state meetings. The action was taken at the request of the American Industrial Lenders Association.

The association took cognizance of the general dissatisfaction that obtains throughout the state on the inefficiency of the present bill of sale act for automobiles, and a committee was appointed to cooperate with like committees from other organizations in the drafting of a new act to be known as the Certificate of Title act. The committee appointed for the Industrial Lenders is composed of J. H. Dyer and B. F. Miller, of Columbus, and Harry J. Bennett, of Lima.

Judge Dyer also was elected a member of the executive board to fill the unexpired term of Dr. C. G. Mueller, who resigned.

The addresses delivered and the papers read at the convention were unusually interesting and President Pond who presided kept the entire proceedings moving rapidly. Earl D. Bloom, director of the state department of commerce, paid a compliment to the industrial lenders, telling what a service they are rendering to the general public. He said there was almost a total lack of cases of infractions of the rules of the department. W. I. Rowland, attorney-examiner in the same department, told of the activities of the department and of the hearty coöperation being given by the industrial lenders of the state. H. L. Kime, also of the department of securities, was present.

Dr. C. G. Mueller, of Philadelphia, explained the "National City Bank Plan of Small Loans." He discussed the plan in detail and told what other financial institutions are doing along the same line, also quoting court decisions on the money-lending question. He cited other writers to show that no competition exists between banks and industrial lenders. He said, "Any business, legitimately and honestly conducted, filling a constructive need, efficiently and courteously rendered, to fill that need, has small cause for competitive concern."

Arthur L. Kauffman, manager of the City Loan and Savings Company, Canton, discussed "Should Mortgages be Filed." He said: "I deem it essential to good business principles for lenders to file mortgages for their own protection, as well as the borrower's. This is dictated by sound business and should be religiously followed by chattel loan companies.

"How Interest Charges Should be Explained to the Customer" was the subject of a paper by Mr. Austin Potter, of Fostoria. While somewhat technical, the paper gave an insight into human nature as it is seen in the industrial lending business. He said that one of the most confusing things to a customer is the matter of monthly charges. He told how this can be satisfactorily explained. "Satisfied customers," he said, "tell their friends that the charges are reasonable and an expanding circle of customers is found who build your individual business."

B. L. Thuma, manager of the Canton Loan Office in Columbus, gave a characteristic address on "How Far Should a Manager Carry Economy in Office Management?" He said that the answer to the question rests on the location of the office, its size and the outstanding loan balance. He said that the character of the service which the company gives its customers also has much to do with the question.

R. R. Heath, of the City Finance Company, Toledo, had for his topic. "What Mental Picture Does Your Advertisement Create in the Mind of the Prospective Borrower?" He said that the borrower's viewpoint should be given the most serious consideration. He asserted that it is the statement of facts in the fewest words possible that makes the greatest impression on the borrower and causes him to select one concern among many. Copy, he declared, must not carry misleading statements. He expressed doubt whether the advertising done by industrial lenders has kept progress with the growth of the business and the high standing the business has acquired with the public.

Frank J. Schneider, of Cleveland, discussed "House to House Circularization" and gave some interesting experiences of his own and observations as to circularizing by other concerns. He discussed the merits of various methods of attracting and holding the public's attention and interest.

Others on the managers' program were Harry Ervin, the Progressive Finance Company, Cincinnati, "Large Display Advertising," and E. E. Beyer, Cincinnati, who gave his annual funny show of humorous experiences.

Social features of the meeting included a dance, when refreshments were served and favors were given the ladies. Many also took advantage of the opportunity to take a plunge in the lake. A shadograph artist also supplied an evening of much enjoyment.

GEORGIA

The Georgia Industrial Lenders Association held their regular quarterly meeting in the Pine Room of the Ansley Hotel, Atlanta, July 27th.

Judge Clarence Bell, of the Municipal Court of Atlanta, was the principal speaker. Judge Bell has only been on the bench a few months, having been appointed to succeed the late L. F. McClelland. Judge Bell was unexpectedly called upon to address us but judging from the talk he gave us we feel that he is fairly well acquainted with our business and is in sympathy with the Uniform Small Loan Law. Judge Russell of the State Supreme Court and Judge Rosser of

unicipal Court were both prevented om meeting with us, having been called om the city on short notice.

We are in receipt of messages inviting e American Industrial Lenders Associa- on to hold their 1929 Convention in avannah with a request that these mes- ges be conveyed to the National Asso- ation in convention at Grand Rapids. hese invitations are from the Junior hamber of Commerce, Geo. W. Tiede- an, Chairman; Chatham County Com- issioners, Thos. M. Hoynes, Mayor of avannah, and E. George Butler, Pres- ent Savannah Board of Trade. The cretary has been instructed to reply to ese invitations and advise the writers at the Georgia Association has already dged its support to Philadelphia, Penn- lvania for the next National Convention.

We are glad to report three new mem- rs accepted at our last meeting as fol- ws: Personal Finance Company of olumbus, Citizen Loan Company, Ma- n, Georgia, and the Equitable Loan ompany, of Macon. Macon now has e companies operating under the 3½% w, four of which are members of our ssociation. By the way we will hold r next meeting October 26th at Macon. he meeting will most likely convene at A. M. eastern time, but we are not epared to say yet just at what place e meeting will be held; however, if ere are any visitors contemplating being our vicinity at that time if they will mmunicate with the secretary he will to have the information on hand so to advise them at just what place we ll hold the meeting.

There are a number of companies who ve entered into the small loan business the past few months which should ford a fertile field for the membership mmittee to work in.

The Georgia Association feels very ateful to Mr. E. F. Moore, of the Bene- ial Operating Bureau, for the fruitful orts he has been putting forth in the erest of the Association, especially in gard to publicity of our meetings.

R. R. Lanham, President of the Asso- tion, will attend the National Conven- n at Grand Rapids.

CHAS. T. DISMER, *Secretary.*

ROHIBITION AND THE SMALL LOAN BUSINESS

Chicago.

In the loan office, where men and men wage earners come to borrow all amounts to tide them over tight ces or launch them on some new ven- e, prohibition has proved an ally of siness.

Charles Turgrimson, called the "dean Chicago lenders" by his colleagues e, in contrasting conditions of the sent with those before prohibition, d:

"We find a very much improved class borrowers, with a greater ability to . There is not a question but that conditions have improved. The busi- s has been cleaned up."

Similar testimony was made by R. J. st, manager of a lending firm here ich has 4,000 loans outstanding. "Any iness man, whatever his personal views prohibition, must admit that collections much better now than they were in days when saloons were open," said . Jobst.

"We have a very good class of bor- vers now," he added. "You can watch them come up to our windows. Not one in 500 shows signs of drinking in his face or manner.

"I have reason to know conditions in this business before prohibition because when I started 13 years ago I was 'on the outside.' When people did not meet their payments, it was my work to go to the house and find out the cause. Very often I was met with tears. The wife would confess that her husband had spent his pay in the saloon.

"Occasionally we have troubles now, but on the whole I must say that the public is a great deal better off and our business is better, as far as collections are concerned."

Charles R. Napier, executive member of the vigilance committee of the American Industrial Lenders' Association, confirmed the statement that the small loan business is sounder today because of prohibition.—*The Christian Science Monitor.*

WEST VIRGINIA

Members of the West Virginia Industrial Lenders Association assembled at the Hotel Ruffner, Charleston, West Va., Friday, August 10th, for their quarterly meeting, which was presided over by Chairman Knox, of Parkersburg. Out of thirty-two members, twenty-three answered the roll call.

The Secretary read the minutes of the previous meeting and reported a membership of thirty-two, which was a gain of three members over the last meeting.

Treasurer Sam Wormser, of Huntington, reported a cash balance on hand of $512.62 and all bills paid.

Following the regular order of business, Mr. Wormser brought up the matter of certain statements some of the lenders were using in their advertising. He stated that in a certain city some of the members used the line, "No indorsers required" and that it had caused a note loan company to come out with their ad headed "Why Pay 42 Per cent." This matter was referred to Mr. C. G. Liggett who made a personal call to see the Note Lender who felt equally as bad over the former phrase, "No Indorsers Required." It is needless to say that Mr. Liggett was successful in his interview and the matter was amicably adjusted. Mr. Wormser moved that the association go on record as being opposed to the use of "No In-

THE BIG PUSH

Remember September ten years ago when the Big Push was on "Over There"? All the men, munitions, equipment, supplies, and resources of the Allies were concentrated in that one last drive.

Now is the time to mobilize all your forces in a drive for a bigger business and greater profits. The opposition—new borrowers, competition, collections—will easily crumble under the proper attack.

And one weapon will fight all successfully.

"My Thrift Book" will bring you new business. It will enter every home in your city and remain there, an attractive and useful symbol of the service you offer. It will make many new friends for you, will dignify the loan business, and will make your office the best known in town.

It will reduce your collection troubles. By having your borrowers use this simple plan you will guard against future losses in labor, time, and money. The plan is the simplest and most successful yet devised. Its originality appeals to all. Furthermore, you will weld your borrowers closer to you through this sincere effort to aid them.

Get your fall push moving now. Steal a march on your competitors through the coupon below.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York City.

Gentlemen: Please send me, without obligation, a free copy of "My Thrift Book" so I may properly consider its advantages for my organization.

Name .....

Street and Number .....

City and State .....

INDUSTRIAL LENDERS TECHNICAL INSTITUTE

dorsers Required." The motion was seconded by Mr. Liggett and unamiously adopted.

It was decided that the association continue with the four meetings per year schedule as some of the members living a long distance from the place of meeting might find it impossible to attend that particular meeting and therefore would get to only one meeting per year on the two meeting per year schedule, where, if the association held four meetings yearly they would very likely be able to attend at least two and possibly three meetings.

The afternoon session was given over to impromptu talks from the members which brought up several interesting points which received the usual discussion. The meeting adjourned at 3:00 p. m.

The next meeting will be held in Charleston, Friday, November 9, 1928.

LOAN SHARKS HARD PRESSED IN MANILA

Manila, July 10 (By Mail)—A pillar of Gov. Henry L. Stimson's administration is Col. Blanton Winship, who, among other duties, is making the lot of the usurer hard. Legal matters fall to Colonel Winship, and usury is one of them. Hailing from Georgia, planter State, he has a native antipathy for money sharks and is taking a keen delight in harpooning them here.

Of course, he does not figure publicly in the cases. A striking feature of the Stimson administration is its unobtrusiveness. The proper official, a Filipino, learns what is wanted in conference at Malacanag Palace, Governor Stimson's office, and he goes and does it. Law-enforcement officials learn from Colonel Winship, and there is no law he takes keener pleasure in having enforced than that punishing usury.

If this keeps up, as it apparently will, the partial emancipation of the peons is in sight. The law is quite severe, judges do not hesitate to impose its heaviest penalties and the game is becoming hazardous.

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LOCAL EXCHANGES

PITTSBURGH, PA. August 9, 1928

The regular monthly meeting of the Pittsburgh Industrial Lenders Association was held in the Schenley Hotel Grill Room, Thursday evening, August 9, 1928. After the dinner, Chairman Loupe addressed the members and visitors present, and commented upon the large attendance. He also commended our genial Mr. Northart, who has charge of our Entertainment Committee, on the splendid dinners which he has been supplying for the members and on request of the Chair, the members gave Mr. Northart a rising vote of thanks. Chairman Loupe also thanked our visitors from the Beaver Valley for attending the meeting and introduced Mr. McHarry of the Union Loan Company, Beaver Falls, Pa., Mr. Braunn of the Personal Finance Company, Beaver Falls, Pa., Mr. Haberfield of the Family Finance Company, Rochester, Pa., Mr. Thompson of the United Small Loan Corporation, Ambridge, Pa., and Attorney Caputo of Ambridge.

Chairman Loupe now called the meeting to order and upon request for a roll-call, the following members were present: Mr. Hipp, Mr. Boullt, Mr. Loupe, Mr. Marxsen, Mr. Hartman, Mr. Thale, Mr. Kaufman, Mr. Dornhoefer, Mr. Streiner, Mr. Renner, Mr. Northart, Mr. Fisher, Mr. Slaine, Mr. McKinney, Mr. Smith, Mr. Schmalzried and Mr. Thompson. Upon motion made by Mr. Dornhoefer and seconded by Mr. Hartman, the minutes of the last meeting were approved as distributed.

TREASURER'S REPORT

Cash in Bank July 2, 1928	$288.13
Dues from members for month of July	450.00
	$738.13

DISBURSEMENTS

A. W. Smith Co.—Flowers to Mr. Martin	$4.00
Telephone bill for July	24.95
Office Rent for July	37.50
Summer Outing Expenses	254.80
Operator's Salary for period ending 7/15/28	67.50
Pittsburgh Letter Shop, mimeographing minutes of July meeting	7.60
Operator's Salary for period ending 7/30/28	67.50
	$463.85
Cash in Bank August 1, 1928 ..	274.28
	$738.13

Respectfully submitted,

A. H. THALE, *Treas.*

Upon motion made by Mr. Fisher and seconded by Mr. Hartman, the report of the Treasurer was accepted and ordered spread on the minutes.

MEMBERSHIP COMMITTEE

The Secretary reported that several new licenses had been granted in the Pittsburgh district and he expected to have some new members to report on at the next meeting.

PUBLICITY COMMITTEE

Mr. Frye being on a vacation, Mr. Fisher reported progress, and Chairman Loupe at this time, called the members attention to the publicity which Mr. Frye was obtaining for our Association in the daily papers.

VIGILANCE COMMITTEE

Mr. Hartman reported progress and at this time, Chairman Loupe called on Mr. McKinney, in reference to the Automobile Loan Companies, and Mr. McKinney related several experiences which he had had with these companies, and upon request of the Chair, Mr. McKinney was requested to obtain additional information and forward same through the Secretary to Mr. Herron, of the State Association.

ENTERTAINMENT COMMITTEE

The Summer Outing, which was held last month, having been such a success, Chairman Loupe advised the members that a number of requests had been brought to his attention for having another outing in September. The object of this outing being to have all outside men attend. Upon request for opinions, it was decided to hold a corn roast on Saturday, September 15th, and the following members were appointed on this special Entertainment Committee to make the necessary arrangements: Mr. Northart, Mr. Smith, and Mr. Hartman. Chairman Loupe laid particular stress and he expressed the hope that every manager would bring his entire force.

NEW BUSINESS

Chairman Loupe called the members attention to the Banking Department Ruling, which had been forwarded from Harrisburg recently, and after a general discussion, the opinion was that this matter would be taken up by the State Association and the individual offices notified directly.

EXCHANGE

Several complaints were made by the members on receiving Exchange Reports as late as 11:30 a. m. and the Committee advised that this matter would be adjusted just as soon as additional help had been hired for the Exchange. Mr. Loupe at this time, called upon Mr. W. H. Boullt, Supervisor of the Community Finance Service Corporation, and Mr. Boullt addressed the meeting on Exchanges in other cities, which was received by the members with thanks.

Chairman Loupe at this time, took up the question of giving service to the licensed members in the Beaver Valley and after a considerable discussion by Mr. McHarry, Mr. Braunn, Mr. Haberfield, and Mr. Thompson, the committee was requested to work out a plan of giving these offices service through the Pittsburgh Exchange and eliminating the cost of telephoning. The secretary was instructed to advise the Beaver Valley Licensees on the committee's finding and endeavor to obtain their application for membership. The principal objection to joining the Pittsburgh Exchange this time, being the excessive cost in obtaining reports.

Chairman Loupe at this time called upon Attorney Caputo, who addressed the members, expressing his delight at being with us and also suggested a number of parks and amusement places, where the Association could hold outings in the Beaver Valley.

No further business being before the meeting at this time, a motion was made by Mr. Dornhoefer and seconded by Mr. Smith to adjourn.

A. H. THALE, *Secretary.*

A MORAL EQUIVALENT FOR LOAN SHARKS

Attorney-General Albert Ottinger, of New York, in his campaign against loan sharks, has had the wisdom to seek a moral equivalent. In finance, evil agencies thrive when they purport to render a service that no one else is catering to. Improved facilities on the part of legitimate brokers sounded the death knell of the bucket shops. In driving loan sharks from the state, Mr. Ottinger has sought not only to wield the policeman's club, but also to provide new and legitimate facilities for meeting the financial requirements for individuals of small means who cannot get credit accommodations in the ordinary way at commercial banks. It has been estimated that at least $350,000,000 annually has been required to meet the small loan requirements of New York State.

The most notable single development has been the entrance of the National City Bank, the largest bank in the cou

y, into the small loan field. The Nation-
City Bank is not the first commercial
ank to get into the realm of industrial
ans, but it is the first outstanding bank
do so. Its experience will be watched
ith extraordinary interest by other
anks in all the principal cities of the
ountry. The National City, which hopes
ly to break even on the experiment,
as not only radically underbid the loan
harks, but is also offering credit to
alaried workers on far easier terms
an those that the legitimate industrial
an companies have been charging.
The City Bank eliminates the investiga-
on fee entirely, and charges 6 per cent.
scount on a loan for one year. But, in-
much as the loan is to be returned in
ual weekly or monthly payments that
gin at once, the borrower has the use of
e funds only six months on the average,
aking the cost to him 12 per cent gross.
rom this must be deducted 3 per cent
mpound interest that the City Bank
ows on installment repayments, bring-
g the net cost of the loan somewhat
ore than 9 per cent. This net cost com-
res with charges varying between 16
r cent and 24 per cent by loan com-
nies. Outside of New York, in the states
ving uniform small loan laws, collat-
al loans may be made at interest charges
rying between 3 and 3½ per cent per
nth.
The City Bank hopes to demonstrate
at through volume business it can con-
ct its new activity without losing
ney. A labor bank in New York, which
nkly loses money in this activity, un-
rbids the City Bank. The net cost of
loan to depositors is 7 per cent—6 per
nt on net current balances, plus 1 per
nt fee for investigation. As one gets
o the eleemosynary field, there is the
ebrew Free Loan Society, which is en-
wed and charges no interest whatsoever.
The mutual savings banks, which are
or men's banks on the receiving side,
nothing whatsoever for their members
the lending side. Former Judge Edgar
Hazelton, as chairman of Mr. Ot-
ger's subcommittee, has proposed that
savings banks be permitted through a
nge in the law to alter this unbalanced
ationship. He suggests that savings
nks be permitted to lend 2 per cent of
ir funds to depositors under proper
eguards. The suggestion seems unduly
dest. Small loans, when properly
de, are exceptionally safe, and it would
m prudent for savings banks to lend
um equivalent to their entire surplus
individuals of integrity, whose paper
ndorsed by two other persons of good
utation.—*The World's Work*, Sep-
ber, 1928.

COMMUNICATIONS

PROVIDENCE, R. I., August 17, 1928.

I. L. A.
ntlemen:

You have courteously sent to us from
e to time copies of the INDUSTRIAL
NDERS NEWS. While we are not mem-
s of the Industrial Lenders Associa-
, much in the publication, which is
l edited, is of interest to all loan men.
you care to continue sending the paper,
shall be glad to receive it, but only
the basis that we shall pay for it at
regular subscription rate. Will you
lly make a memorandum to that effect.

Yours truly,
WORKINGMEN'S LOAN ASSOCIATION
C. F. BIGELOW, *Mgr.*

BOSTON, MASS., August 23, 1928.

Dear Mr. Kehr:

I enclose a clipping from a recent issue of the *Boston News Bureau* that may be of interest to you.

Let me take this opportunity to say that I think the last numbers of the NEWS exceptionally helpful in enabling its readers to keep themselves thoroughly informed about developments in this important field of business.

Sincerely yours,
Reginald Heber Smith.

TOMS RIVER, N. J., August 17, 1928.

A. I. L. A.
Gentlemen:

I am pleased to advise you that I have received the year book of 1927 and a certificate of the "Aila" and also the INDUSTRIAL LENDERS NEWS for which I beg to accept my sincere thanks.

I am greatly pleased and congratulate myself that The Star Finance Association Inc., has been elected to the membership of this great family of AILA.

Very truly,
THE STAR FINANCE ASSOCIATION, INC.
By JOSEPH BOTTLER, *President.*

CINCINNATI, OHIO, August 24, 1928.

DEAR SIR:

I am attaching a pass book issued to a customer of the Industrial Loan department of the Brotherhood of Railway Clerks Bank of Cincinnati, believing that you might be interested in looking it over.

This customer had been a borrower at our office for almost five years and applied to the Brotherhood for a $350.00 loan. The interest of $21.00 and the fee of $7.00 was deducted in advance, giving him net $322. He was to pay 11 payments of $30.00 and one payment of $20.00. This bank advertises money at 6% plus a 2% fee. When paying off the account today, we were obliged to send them a check for $248.30 which gives the customer a net cost of $16.30 for the use of approximately $292 for four months. I would particularly like to call to your attention the note on the back of the pass book regarding the delinquent charge, namely, 5c per dollar for each week or part of week delinquent. This certainly is in excess of 3% per month, the rate for our business, in case the borrower missed a few payments. It will not be necessary to return the book if you wish to keep it.

Wide Awake Member.

A NEW SLANT ON ASSOCIATIONS

Association membership in the not far distant future will become a practical necessity to the man or the company who hopes to succeed and retain the confidence of his fellows. It has already reached a point in nearly every line of business and industry that the man or the concern not a member of the association representing his particular field is regarded as more or less a back number. The live wires are always aligned with the movements that make for improved conditions in their business.

Invariably trade associations make for better industrial and commercial condi-

"Borrowers Protection" Brings a Profitable Dovetail to Industrial Lending

AN ASSURANCE OF

"Protect your notes"

- A modern service to, and designed especially for, Lenders and their Loan Customers.
- New protection to the Lender, the Borrower's dependents and—if you use them—Co-makers.
- Substantial increase in Loan Office earning-power.
- Greater security, more valuable paper.

ALL THESE WITHOUT

- Direct or indirect cost to the Lending Institution or high cost to Borrowers.
- Red tape or appreciable addition to Loan Office detail.
- Making insurance solicitors of your loan Officers.
- Detriment to the privacy of the Lender's clientele.

Borrowers Protection Insurance is now being used as a simple and immediate protection by Commercial and Industrial Banks and Lenders throughout the United States with satisfaction. We offer an immediate installation to Industrial Lenders of our special plan. Write for the information telling us in confidence the minimum term of your loans and the maximum. This, so that we may know your special needs.

Borrowers Protection Department

BANKERS NATIONAL LIFE INSURANCE COMPANY
Journal Square Jersey City, New Jersey

tions. Their mission is to study the problems of the lines they represent; to make surveys of the many and varied conditions that surround that industry and to disseminate the information gathered in such form that it will prove not only educational but beneficial. Every industry has its own peculiar situations to meet; its own problems, its own differences of policy and methods. And always standardization, as nearly as possible, is necessary to the welfare of the industry as a whole.

No industry will prosper and enjoy harmonious conditions so long as there is no accepted general principle of conduct. There must be some sort of recognized business ethics or each fellow will be doing as he pleases regardless of the community interest and chaos is certain to result. This was effectively and convincingly proved before the day of the trade association. It was in fact chiefly responsible for the association movement.

Association Accomplishments

The automobile industry is an illuminating example of the necessity of standardization. In its early days each manufacturer made his car in accordance with his own ideas. He tried, in fact, to make it different from the other fellow's and stressed the difference in his sales instructions. His way was best always, in his own mind. But that policy didn't last. Today cars are standardized in most of their prominent features. There is difference, of course, in body lines, but in other respects, in mechanical principle at least, they come nearly being as like as two peas in a pod. And they are all being sold upon about the same basis.

Approval of trade associations has been voiced in no uncertain terms by officials high in the councils of the federal government. Secretary Hoover of the Department of Commerce has spoken very freely in indorsement of the efforts of these organizations. So, too, has Assistant Attorney General Donovan of the Department of Justice. Both accredit these bodies with having brought about greatly improved conditions in industry and commerce. Both recognize that the trade association generally seeks nothing but the advancement of the welfare of the industry it represents.

And where an association develops ulterior motives, and seeks to overstep its legal rights, both are ready to take up the big stick upon a moment's notice, which is altogether as it should be.

Financiers Are Looking On

Lately the trade association is being studied also by another important business factor, the financial interests. The bankers have had a national association for many years. They know how much that organization has done for banking. They know that each state has its banking association as well, and they appreciate what influence these have wielded in behalf of better and safer banking practices. And they're wondering about the industries.

The Equitable Trust Company of New York sounded the new note a few days ago in an advertisement which was headed "Join Your Trade Association," and continued: "There are many good reasons why membership in your trade association is a distinct asset. Not the least is the information which it gathers for its members." *(Concluded on page 10.)*

USURY AND USURY LAWS

By

FRANKLIN W. RYAN, Ph.D.

ROSCOE POUND
Dean of the Harvard Law School

"I am very much pleased with the plan and attitude of your book 'Usury and Usury Laws.'

"It is to-day a commonplace to say that jurisprudence and economics have been going their several paths without taking account of each other's problems and each other's materials as they should. Although so many have recognized this that the statement has become a commonplace, few indeed have acted upon the proposition and given us the sort of juristic-economic study which is needed on so many points if the administration of justice in our urban industrial society is to be put on a suitable basis.

"Your book is a notable contribution in this direction and quite apart from its excellence in its own field, deserves the attention of every one who is interested in the advancement of the science of Law."

AMERICAN ECONOMIC REVIEW

"Mr. Ryan has done a useful piece of work in clarifying the problems connected with this age-long question."

HARVARD LAW REVIEW

"Here is a clear book on an obscure subject....an attempt to reconcile the notoriously contradictory views of the lawyer, or rather legislator, and the economist."

THE SURVEY

"The book is probably the most important recent contribution to the discussion of usury and related problems."

PRICE $2.50 POSTPAID

Order from

American Industrial Lenders Association

P. O. Box 778, Harrisburg, Pa.

"THE $100,000 BOOK"

"Bill" McCullough Says ~

"Meet Me at Grand Rapids"

—and see my line of advertising circulars that are producing business at low cost for scores of well-known industrial lenders. If you are not going to be at the convention, tell me what quantities you usually buy and I will send you samples and quote prices by return mail. We offer a complete advertising service—ideas, copy, art work, plates and printing *for the cost of the printing alone.*

ADVERTISING CIRCULARS

That Produce the Business!

Meilicke Calculators and Time Finders ~ Motograph Electric Signs
Everything for the Industrial Lender

Exhibit on Convention Floor

Newspaper Advertising Service

Complete Monthly Advertising Service

Advance proofs of our new newspaper advertising service and complete monthly advertising service will be on display at our convention exhibit. If you are not going to be represented at Grand Rapids, write for proofs and particulars on the exclusive use of these business building services in your city.

McCULLOUGH PRINTING CO., *Inc.*, Murphy Bldg., Indianapolis
A Complete Lender's Supply Service

LAST CALL FOR THE BIG CONVENTION

ARE YOU READY? WE ARE!

A Convention A Year Keeps The Mind Working Clear

Bring One Good Idea Along To The Convention
IDEA
BRAND NEW IDEAS FOR PUTTING PEP INTO THE OLD BUSINESS
AND
Take Home Flocks Of 'Em.

Mr. Live Wire Will Be Here

Will You?

Don't Fail to Attend This Convention For We Are Going to Have a Big Time

Grand Rapids Industrial Lenders Association

620 Grand Rapids National Bank Building

Convention Delegates

Wooh!

That's what members of the Convention Committee said when the entertainment committee turned in their program at our last meeting. The publicity Commitee wishes that they could tell you about the wonderful program in store for you but it's confidential. They want to surprise you so don't fail to attend this convention for you are going to have the time of your life.

And Too—

You will certainly enjoy our fine northern Michigan weather with its mild summer days and cool autumn nights after a busy day. Here you will find why Grand Rapids is the gateway to the Playground of America, why people from all over the United States of America come to Northern Michigan for their vacation.

Treat yourself to this fine weather and plan your vacation in Grand Rapids after the convention, September 19-20-21, 1928.

Come and learn for yourself why Grand Rapids is called "A Good Place to live"

Grand Rapids Industrial Lenders Association

620 Grand Rapids National Bank Building

A NEW SLANT ON ASSOCIATIONS

(Concluded from page 6.)

O. H. Cheney, vice-president of the American Exchange-Pacific National Bank of New York City, rather forcefully indicated this banker's interest in association membership recently in an address before the annual convention of the Sheet Metal Ware Association.

"The time is not far away," he said, "when a business man's membership in his trade association will be an important factor in his bankers' judgment of his credit rating."

Farther along in his talk he declared: "Trade association membership is a measure of character, because it shows the member's ability to get along well with others. Trade association membership is a measure of intelligence of the member's business methods, because he is trying to eliminate competitive waste and to use cooperation as an economical promotion weapon.

"Trade association membership is a measure of the soundness in the industry, because it is doing something for the stability, efficiency and economy of production and distribution.

New Policy Foreshadowed

And supporting Mr. Cheney's contention comes D. R. Thomas, secretary of the Central Western Credit Association, who declares: "A man who does not belong to the association representing his industry, local, state or national, is not a good credit risk."

This would seem to be foreshadowing an ultimate adoption by the bankers of a policy with reference to business men in general somewhat akin to that now pursued by Canadian bankers toward occasional small borrowers not in business. Men who find it necessary for one reason or another to negotiate a temporary loan.

The first question the banker asks them is, "Do you own your home?" If they do the rest is easy. If they don't it is quite another story.

And from the viewpoint of the credit man and the banker it would seem that the positions of the business man, not a member of his trade association, and the would-be borrower, not a home-owner, are analogous.

Trade association membership used to be largely an excuse to get away from the everyday grind and disport oneself at an annual convention. That was in the days before the real worth of association effort had been convincingly established. Today that same association membership stamps the business man as being alive to the needs of his particular line and alert to take advantage of every new development in it.

It is, in fact, a certificate of business character.—*National Builders' Supply Bulletin*, August, 1928.

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

Harold G. Moulton, Director, Institute of Economics, Washington, D. C., says:

"Mr. Ryan's book is the only comprehensive analysis that has been made of a much misunderstood subject."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

PENNSYLVANIA

A quarterly meeting of the P. I. L. A. was held at Glen Valley Club, Reading, Pa., Wednesday, August 8, 1928.

Secretary's Report

To the Chairman, Officers and Members of the P. I. L. A.:

Your Secretary submits the following as his report since our last meeting held on May 9, 1928:

Present Membership	175
New Members elected 5/9/28	6
Resignations	2
	179
Members dues paid for entire year	153
Members delinquent for six months from 7/1/28 to 12/31/28	20
Members delinquent from 1/1/28 to 12/31/28	6
	179

Respectfully submitted,
W. S. Herron, *Secretary.*

Upon motion of Mr. Applegate, seconded by Mr. McDermott, the Secretary's report was approved and ordered spread on the minutes.

Membership Committee

Mr. Moss, Chairman, stated that diligent efforts were being made as his time will permit, both by letter and telephone, to secure new members, and his efforts were decidedly fruitful, inasmuch as there are 21 applications to be voted on later today under new business.

Upon motion of Mr. Wright, seconded by Mr. Williams, a vote of thanks was tendered Mr. Moss for the fine work he is doing in securing new members.

Chairman Moore, reported that much publicity had been obtained throughout the State regarding today's meeting, and that the Chairman's and Secretary's photographs were appearing in the Reading papers of today.

Vice-Chairman Hart commended Mr Moore and his Committee for the splendid publicity work they are doing, and upon motion of Mr. Mahoney, seconded by Mr. Zwalley, a vote of thanks was tendered Mr. Moore.

Entertainment Committee

Mr. Buck, Chairman, reported that his Committee had not started to function but would hold a meeting in September when arrangements will be made for the holding of the next P. I. L. A. meeting in November.

Reports of Special Committees

Mr. Hart, Chairman of the preliminary committee, appointed for the purpose of securing 1929 A. I. L. A. convention in Philadelphia, reported that he had conferred with the Philadelphia Chamber of Commerce and that they were giving every assistance to the P. I. L. A. to bring this convention to Philadelphia. Mr. Hart further stated, that he had received several letters from organizations and members throughout the country promising their support to Philadelphia for 1929.

Upon motion of Mr. Eckhart, seconded by Mr. Reeves, Mr. Hart was commended for his work on this committee.

New Business

Upon motion of Mr. Watts, seconded by Mr. Kehr, the Chairman, Mr. Bachofer, Vice-Chairman Hart, and Secretary Herron, were appointed delegates to the National Association Convention at Grand Rapids, at the Association's expense.

Election of Members

Secretary read the following list of applications for membership in this Association:

Peoples Finance Co., Philadelphia; Personal Finance Co., Bradford; Community Finance Service, Inc., Bradford; Personal Finance Co., Connellsville; Personal Finance Co., Chambersburg; Personal Finance Co., Lewistown; Personal Finance Co., Sunbury; Personal Finance Co., Beaver Falls; Community Finance Service, Inc., McKeesport; Polular Finance Corp., Philadelphia; Popular Finance Corp., Pittsburgh; Credit Service Inc., of Philadelphia; Credit Service Inc., of Reading; Continental Finance Corp., Allentown; Monroe Loan & Savings Society, Stroudsburg; The Ohio Finance Co., Pittsburgh; Acme Loan Service, Pittsburgh; American Industrial

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass. Information upon request.

Credit Co., Hanover; Guarantee Loan Co., Chester; The Empire Finance Co., Pittsburgh; Citizens Loan & Investment Co., Williamsport, Pa.

Upon motion of Mr. Irion, seconded by Mr. Eisenhut, these applicants for membership were unanimously elected.

The business meeting was preceded by luncheon at which there were 71 present, and at dinner 93 guests.

At the dinner we were addressed by Mr. George Snyder, one of the City Officials of Reading, who gave a brief talk on "Smiles."

Mr. James D. Maurer, City Councilman of Reading, and Vice-Presidential nominee on the Socialist Ticket, who gave us a very interesting talk on Reading. Mr. Maurer extolled the virtues of Reading and promised that if we would come back two years hence, they would have many beautiful city improvements to show us.

A rising vote of thanks was tendered both Mr. Snyder and Mr. Maurer for their addresses.

Upon motion of Mr. Moss, seconded by Mr. Moore, a vote of thanks was extended to the Reading members for their arrangements for the day's festivities.

Upon motion duly made and seconded, the meeting was adjourned.

W. F. Buck, *Acting Secretary.*

TURN ON LOAN SHARKS

Twenty-Two Suits Are Filed Here by Victims

Usurious Rates of Interest and Threats by Agents Are Charged in Petitions—Part of National Campaign

The tables were turned yesterday afternoon in the fight of the people of Kansas City against loan sharks when twenty-two suits were filed by loan shark victims, seeking the return of usurious interest they had paid. The interest-payers in the case had reported their plight to the Better Business Bureau and the recourse to law was the result.

Thirteen victims signed their names to the suits, four companies and one individual being filed against. The defendants:

The Central Finance Company, which changed its name recently to the Haisel Finance Company; Joseph F. Cox, manager, at 205 Eastern Dental Building, Twelfth Street and Grand Avenue.

The City Purchasing Company, which changed its name recently to the Sterling Company; M. A. Moliter, manager, at 421 Grand Avenue.

The Kansas City Purchasing Company, which changed its name to the Kansas City Trading Company; Ralph E. Reed and Oral Marjorie, managers, at 115½ East Thirteenth Street.

The Midwest Purchasing Company, which changed its name to Rawson & Co.; M. C. Ford, manager, at 204 Oppenstein Building, Twelfth and Walnut Streets.

Stanley Zalewski and Frank Kamansky, operating from 604 Gumbel Building.

The fact the four defendant companies have changed their names recently may seem odd. The Better Business Bureau is of the opinion this comes as a result of a conference in Jefferson City between North T. Gentry, when he was attorney-general, and F. P. Stockard, counsel for the secretary of state. At this time it was decided all loan sharks operating under corporation charters should be ousted from the state. The companies concerned then ceased to do business as corporations and changed their titles to individuals operating under a company name.

The suits were filed in the justice court of George P. Garrison, 308 West Seventy-seventh Street Terrace, and are returnable August 30th. The attorney for the plaintiffs is C. F. Douglass, 624 Rialto Building. He is cooperating with the Better Business Bureau in the matter.

Part of National Campaign

The continuation of the campaign against loan sharks in Kansas City is a part of a nation-wide campaign against usurious money-lenders. The Better Business Bureau has facts of many cases where the borrower has paid from four to six times the amount of his principal and still owes the original amount and at the same time has had the worry and mental strain of the loan for as long as two years.

The main weapon the loan sharks use, the Better Business Bureau officials say, is the threat of garnishment and the old, old story:

"We'll tell your boss on you and you'll lose your job."

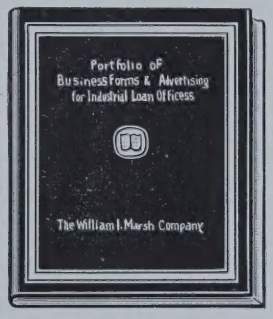
This is told to the hard-put borrower time after time, with usual typical effect.

One of the suits brought yesterday was by Fenton Rennison, 341 South Indiana Avenue, against Zalewski & Kamansky. Mr. Rennison states in his petition he borrowed $30 from Zalewski & Kamansky January 1, 1927, and that he paid them interest until June, 1928, at the rate of $10 a month, making a total of $180 he had paid them, with them still claiming he owed the principal of $30.

Paid $196 Interest for $35

Henry Lutes, 3211 East Seventy-third Street, another plaintiff, states in his petition that in February, 1926, he borrowed $35 from the Midwest Purchasing Company, giving an assignment of his wages as security. He paid $7 a month interest to June, 1928, making a total of $196 he had paid for the use of the $35, and he still owed the $35.

The Midwest Company, Lutes said, threatened constantly that if he did not



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Our copyrighted advertising circulars have been real business producers in every case. This portfolio is designed to fit in your letter file and new forms will be sent to you from time to time, to add to this assortment.

Many of the Forms are carried in stock and are shipped the same day your order is received

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FOR INDUSTRIAL LOAN OFFICES

pay, they would notify his employer, garnishee his wages and cause him to lose his position.

The Better Business Bureau said victims of loan sharks were going to the bureau's office every day and several hundred more suits are being prepared for filing.—*Kansas City Star, Aug. 12, 1928.*

HOW ARRANGE FOR SMALL LOANS?

Loan shark operations in Kansas City, Kansas, are of a familiar kind. The methods employed by these money lenders are similar to those that have been used in Kansas City, Mo., and in various parts of the country. In all cases the idea has seemed to be to take the utmost possible advantage of the person without bank credit who finds it necessary to borrow a small sum of money.

The auhorities are moving to put these concerns out of business in Kansas City, Kansas. Both the justice and necessity of that action are obvious. Yet a problem exists in the matter of small loans to people of limited means. Through laws enacted in about one-half the states, including Missouri, the aim has been to meet the situation by permitting concerns to charge a maximum interest rate of 3½ per cent a month on loans ranging up to $300. It is objected that even that rate is excessive. Yet the expense of such loans often is high and the security, if any is offered, of a doubtfol value. And the interest item is quite a different matter from a rate ten or more times higher.

An interesting development is the recent decision of the National City Bank of New York, the largest banking institution in the country, to enter the small loan field. This bank plans to lend money in amounts of $50 to $1,000 to employed persons, without collateral, and at 6 per cent per annum. The money may be repaid in weekly or monthly installments over the period of one year, as the borrower desires. The borrower's note must bear the signatures of two responsible persons. No investigation or other fees will be charged. The bank's move is designed to give assistance to honest persons of scant means and also to combat loan shark operations in New York City.

It is a departure in banking methods that already is receiving wide attention. It is an indication of an apparent growth of confidence in the honesty of the average person; which, after all, is substantially the basis of an immense credit buying system which has been built up in the United States.

If a merchandise or other business institution can go in extensively for installment selling, the question naturally arises as to whether banks may not find it possible to employ similar methods in making loans.—*Kansas City Star.*

PERSONAL LOAN BUREAU

Milwaukee—First Wisconsin National Bank, the largest bank in Wisconsin, with resources, including affiliated banks, in excess of $150,000,000 has opened personal loan bureaus in all branches and affiliated institutions. The loan plan will be based largely on that of National City Bank of New York.

New department will be started October 1st, it is expected. Rates will be at 6%, compared with permissible rates of 3½% a month or 42% annually, according to the state law for the loan agencies now operating in this field.

THE INDUSTRIAL BANKER

Although not the first publication to be so named, the *Industrial Banker,* published by the Industrial Banker Publishing Co., Cincinnati, Ohio, made its initial appearance just a few days before we went to press.

The first number is sixteen pages with an attractive cover which announces that it is for "Bankers in the Industrial Loan Field."

The leading articles are: "Where System Spells Service" by John L. Duffey; "Scotching the Loan Shark" by Karl T. Finn; "Courts of the Dusty Feet" by Michael G. Heintz; "Typical Cases—Æsop Style" by Herbert L. Frazier and "Banking in Social Service" by Allyn V. Laird.

The subscription price is $2.00 a year; 25 cents a copy. Liam Cooney is the Editor.

It is easy to see that if the banks that open industrial loan departments grow and the co-maker note business stands the test of time, the *Industrial Banker* will occupy a useful field.

The INDUSTRIAL LENDERS NEWS will continue to record the activities of the local state and national industrial lenders associations and any other news that may reach it and be of interest to the institutions whose chief purpose is to accomodate the great masses that need financial assistance, but are without bankable collateral and cannot supply co-makers or prefer to stand on their own responsibility giving either partial wage assignments, chattel mortgages or unsecured notes.

It is evident that both publications have a field of their own, but it is certain their efforts will coincide when it comes to driving the unscrupulous high rate lenders out of business and substituting therefore legitimate lending institutions where all may be accomodated no matter what their station in life may be so long as they are worthy of credit. —G. W. K.

NATIONAL CONVENTION

At the time this is written, practically all the details for the Fourteenth National Convention to be held at the Pantlind Hotel, Grand Rapids, Michigan, September 19th, 20th, 21st, have been arranged. The program as announced in our August issue has been closed with the additional subject, "The Future of Small Loans" which will be discussed by George Filipetti, Professor of Economics and Business Management, Columbia University. Professor Filipetti has given considerable time to the study of the economics underlying instalment selling and the small loan business, and what he has to say will no doubt be of much interest to all that attend.

The program lacks nothing either from the standpoint of good men and good material. The entertainment features are sure to please all.

One thing we are guaranteed is that the weather in Michigan the third week in September, is sure to be cool and comfortable. Also there are many interesting things to see in and about Grand Rapids.

The committees in charge have plugged along since the last convention and have kept the subject alive so that each edition of the NEWS has had some interesting announcement in it since the Indianapolis Convention. The national office and standing committee chairmen will have interesting reports to make, each of which will indicate the progress made during the past year.

It may surprise some to know that from a couple dozen earnest men who organized the American Industrial Lenders Association in Philadelphia, April 19, 1916, the national organization has grown to almost a thousand law-abiding small loan institutions serving more than a majority of the people without banking accommodations in some thirty states, and employing over $100,000,000 capital.

LOUISIANA

The first meeting of the Lenders of the State of Louisiana was held on August 23d, at the Roosevelt Hotel, New Orleans, Louisiana.

Those present were as follows: C. G. Liggett, Beneficial Operating Bureau, Dayton, Ohio; W. I. Marsh, Chicago, Illinois; O. A. Cotton, Mutual Loan Company, New Orleans; Leo Heymann, Mercantile Adjustment Agency, New Orleans; Mr. Terrell, Terrell and Company, New Orleans; Mr. Snyder, Fulton Loan Company, New Orleans; Mr. Miller, Family Loan Society, New Orleans.

C. G. Liggett gave an interesting talk concerning the formation of the Lousiana Industrial Lenders Association and that would be a very opportune time to form the State Association. It was agreed upon and Mr. Liggett was appointed temporary president and Leo Heymann was appointed temporary secretary.

The first action taken by the organization was the election of officers which resulted as follows: Leo Heymann, Mercantile Adjustment Agency, New Orleans, president; O. A. Cotton, New Orleans, vice-president; and R. L. Kennedy of the American Loan Company, secretary and treasurer.

Leo Heymann, newly elected president took the chair and conducted the meeting.

A motion was made by C. G. Liggett to hold the next meeting at the Roosevelt Hotel, New Orleans, on Wednesday, September 5th, which was seconded by O. A. Cotton.

It was decided to present to the association members a set of By-Laws to be adopted at the next meeting.

A question was brought before the meeting as to whether or not they should charge for notarizing and filing notes. After considerable discussion they decided that each company should use their own judgment as to making this charge on the borrower.

It was moved and seconded that the secretary be ordered to invite the State Bank Examiner and his assistants to be present at the next meeting together with a special letter to be sent to all licensees who have taken license in the state under the present Uniform Small Loan Act.

R. L. KENNEDY,
Secretary and Treasurer

PROGRAM CORRECTION

C. R. Dudley, Manager of The C. I. T. Finance Company, Detroit, Mich., has been elected instead of the subject announced in our August issue, "The Necessity for Small Loans and the Justification of the Small Loan Acts from the Manager's View Point" as his theme for discussion at the National Convention in Grand Rapids this month.

Beware of Spiders

BACK of a partition where passers-by cannot see him, the loan shark spins his web—and waits. In his show-windows he displays generous-sounding proposals. He says, "We will trust you when nobody else will—*if* you have a job." He sends smoothly-worded circulars and letters marked "Personal," telling how he has been able to assist "your friends," and how he will gladly do as much for you—and no outsider will be the wiser.

Sometimes he boldly tells his story on posters and handbills—"Money for salaried men. No mortgages — no indorsement — no collateral—no questions asked. We let you have money at the time you apply for it." He pledges strict secrecy and low rates of interest. He describes himself as "the wage-earner's only friend in time of need"—spider-webs to catch the unwary.

Perhaps you have never known a desperate need for an immediate loan. But the loan shark knows that the world is full of unfortunate men and women who will promise to pay almost any price in the future for a little cash in hand *now*.

Driven by extravagance or unexpected misfortune, the needy one, when caught, pays a truly terrible price.

The loan shark knows that many of his victims will be unable to pay on the appointed date. He, therefore, extends the time but increases the amount of the loan. Month by month it grows till it crushes. The loan shark's favorite lash on the unhappy victim is "Pay—pay more—or I will expose you. Pay or I will make you lose your job." Sadly enough, sometimes his threat is carried out and the job is lost.

Imagine a frightened employee paying $2.00 a week "interest" on a $10.00 loan for three years—156 weeks—and still "owing" the original $10.00 although he had paid $312.00. The man who paid this lived in the capital of a great State.

A man who made $60 a month borrowed $75 from a loan shark. For a period of three years, he paid each month $21.85 interest—more than one-third of his wages—without reducing the principal debt.

Fortunate is the man who has honest employment which pays him a better wage than he needs for actual necessities. Out of his surplus, week by week, he can make himself safe. The man past middle age who has never saved a cent can hope perhaps for but little more than continuing health and steady employment, but younger men and women can and should plan complete financial independence for themselves in their later years of life.

If you must borrow, make sure the lender is licensed and supervised by the State.

A booklet prepared by the Metropolitan will be of assistance in showing how to save, and thereby avoid the loan shark's web. It will be sent free and without obligation on your part. Address Booklet Department, Metropolitan Life Insurance Company, Number One Madison Avenue, New York City and ask for Booklet No. 98 C.

HALEY FISKE, *President.*

Many millions of dollars are loaned annually by loan sharks. These millions in loans cost borrowers as much more in interest, together with untold mental distress. Prosecution, though helpful, is not a permanent remedy for the loan shark evil. People still need money and will make any promise for the future in return for present relief. Legitimate remedial and business institutions are therefore necessary. Most States permit the chartering of limited-dividend, semi-philanthropic remedial loan societies.

The Uniform Small Loan Law drafted by the Russell Sage Foundation is in use in twenty-three States and has done much to better commercial money lending conditions in those States.

This Foundation has also assisted in the development of credit unions which are mutual loan and thrift associations. The credit union collects the savings of its membership and reloans these savings to finance the individual needs of the same group.

The Department of Remedial Loans offers its assistance in organizing credit unions and remedial loan associations or in advising loan shark victims. Address, Russell Sage Foundation, 130 East 22d Street, New York, N. Y.

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EX-PRESIDENT'S CLUB

The annual luncheon of the National Ex-president's Club will be held at the Pantlind Hotel, Grand Rapids, Michigan, Thursday, September 20th, at 12:30 p. m.

Those eligible to attend in the order in which they served are as follows: G. W. Kehr, C. G. Mueller, J. H. Dyer, C. H. Stratton, W. G. Wood, R. M. Rutherford, J. H. Aufderheide, E. P. East, Wm. Young and F. L. Thompson. Messrs. Mueller and Dyer, served two terms.

CONSTITUTIONAL AMENDMENTS

Several amendments to the A. I. L. A. Constitution and by-laws have been proposed and will probably be acted upon finally at the national convention; among which many mentioned the article that refers to the dues of active members.

The plan adopted at the Indianapolis Convention did not work out as its advocates had hoped, and were it not for the fact that a number of members paid more than their constitutional requirements, supplemented by the generous contributions of some of the state associations, the work of the national body could not have been adequately financed during the past year.

As the constitution may now be amended without advance notice by a two-third vote of the members attending any meeting, it will pay all members interested to be present at the Grand Rapids Convention.

DELINQUENT MEMBERS

The secretary is anxious to report every member in good standing at the National Convention, but this cannot be done without the coöperation of every member whose dues are unpaid at this writing. If your dues are not paid for the period August 1st to February 1st, next, you are delinquent in the matter of your dues to the A. I. L. A. and should see that a check is sent to the secretary at once. Dues received on or before September 15th, can be credited and will be accounted for in the secretary's annual report.

MARYLAND

The M. I. L. A. is having a meeting in Hagerstown on September 11th, at 7 p. m. in the Masonic Temple. The local boys up there have arranged a wonderful program. The President of the Chamber of Commerce will be the toast-master and they will have a local speaker and entertainment. Favors for the ladies. The price is very reasonable, $3.00 per plate and arrangements can be made with a Bus Company to take you up and bring you back for $2.25 if sufficient number goes; otherwise, it is a wonderful ride through the hills of Western Maryland and it will take about two hours and twenty minutes to make the trip, which is seventy-two miles from the center of Baltimore to the Masonic Temple. They have arranged for ample parking space.

The Maryland Association has never fallen down at any time since its inception and the papers of Western Maryland are telling the people of the good work we have done in the State.

It is absolutely essential that all of our members be present with their wives, etc., because I have only to suggest to you that we will need all the friends we can get shortly.

Please send Mr. Tyler in Hagerstown your reservations immediately so that necessary arrangements can be made.

This is a personal appeal from the officers and we certainly trust that you will back us up in this meeting.

E. M. Garren, *Secretary.*

PERSONAL

Among the numerous American travellers in Europe this summer are two of our prominent members. "Doc." Chas. G. Mueller, Philadelphia, and A. H. Williams of Chicago. Rolf Nugent, Assistant Director of the Department Remedial Loans of the Russell Sage Foundation and Mrs. Leon Henderson, wife of the Director, have returned from trips abroad.

Leon Henderson, Director of the Department of Remedial Loans, Russell Sage Foundation, New York, and L. E. Pope, General Manager of the Credit Service, were visitors at the secretary's office the past month.

Everyone will regret to hear of the serious illness of Roy F. Hartz, Secretary of the Indiana Industrial Lenders Association, Indianapolis, and one time Chairman of the Publicity Committee of the A. I. L. A. Roy's prodigious energy has caused him to tax himself beyond physical endurance causing thereby a breakdown from which all hope he will soon recover.

NEW JERSEY

The regular quarterly meeting of the New Jersey Industrial Lenders Association will be held at the Chalfonte Hotel, Atlantic City, Thursday, September 6, 1928.

Luncheon will be served at 12:30 after which there will be a business meeting.

Revised Code of Ethics, and Constitution and By-Laws will be acted upon at this meeting.

Walter S. Buswell, *Secretary.*

STATE ASSOCIATION SECRETARIES PLEASE NOTE

Harrisburg, Pa., Sept. 1, 1928.

Mr. L. E. Pope,
209 E. Grace St.,
Richmond, Va.

Dear Mr. Pope:

We appreciate the coöperation implied in your letter of August 30th, and will give you the information we have relative to the dates set for the meetings of State Associations, according to the information furnished us.

Connecticut—Third Wednesday in March, June and October, and the third Saturday in January.

Georgia—The first Friday after the 20th of April, July, October, and January, with the exception that the annual meeting usually deviates from this date in order not to conflict with other state annual meetings.

Illinois—Last Thursday of January, April, July, and October.

Indiana—Third Wednesday in May and November.

Iowa—Annual meeting third Friday in April of each year.

Maryland—Second Tuesday in each month.

Massachusetts—Third Wednesday in January, April, July, and October.

Michigan—The third Thursday in April and the third Thursday in October.

New Jersey—First Thursday after the first Monday in March, June, September, and December.

Ohio—Fourth Wednesday in January and fourth Wednesday in July.

Pennsylvania—Second Wednesday of February, May, August, and November.

Rhode Island—Annual meeting, third Thursday of April, second regular meeting third Thursday in July, third meeting third Thursday in October, fourth meeting, third Thursday in January.

West Virginia—Second Friday of February, May, August, and November.

The date of your meeting in Roanoke, October 11th, is noted and will be included in the Meeting Schedule published in the September News.

Very truly yours,
Geo. W. Kehr, *Secretary.*

Note:—If any of the above information is incorrect or lacks anything that should be known by the National Secretary, please send it in if you desire to have your meeting properly listed in the monthly "Membership Schedule."

NEW MEMBERS

Add these to your 1927 Yearbook Directory:—

American Loan Co., 315 Slattery Bldg., Shreveport, La.

American Loan Co., 312 Pere Marquette Bldg., New Orleans, La.

American Loan Co., 611 Frenchmen St., New Orleans, La.

Lincoln Loan Co., 4010 W. Madison St., Chicago, Ill.

Community Finance Service, Inc., 22 Fifth Ave., McKeesport, Pa.

Community Finance Service, Inc., 20 Sun-Gazette Bldg., Williamsport, Pa.

Charter Loan Co., Missouri Theatre Bldg., St. Louis, Mo.

Surety Loan Co., 203A W. Holly St., Bellingham, Wash.

Personal Finance Co., 612 Marshall St., Shreveport, La.

Beneficial Loan Society, 1707 Dryades St., New Orleans, La.

Globe Finance Co., 710 Mattison Ave., Asbury Park, N. J.

S. R. Weaver, Inc., 1211 Chestnut St., Philadelphia, Pa.

Merrimack Loan Co., Inc., 98 N. Main St., Concord, N. H.

Personal Finance Co., 208 Bernhard Bldg., Monroe, La.

Manhattan Loan & Finance Co., 91 Main St., Kansas City, Mo.

Baldy Finance Co., Portland, Oregon.

Baldy Finance Co., 232 Providen Bldg., Tacoma, Wash.

Frederick-Shanks Loan Co., Inc., Co East 4th & Lafayette Sts., Waterloo, Ia

Personal Finance Co., Hibernia Ban Bldg., New Orleans, La.

Constructive Credit Service of N. J. c., 671 Broad St., Newark, N. J.
City Finance Loan Co., 723 Rialto dg., Kansas City, Mo.
Personal Finance Co., 223 Monroe St., irmont, W. Va.
National Loan Society, 803 Wilson dg., Camden, N. J.
Conservative Credit System, 686 Main ve., Passaic, N. J.
Conservative Credit System, 243 Main ., Orange, N. J.
Metropolitan Loan Assn., 503 Central atl. Bank Bldg.. Peoria, Ill.
Metropolitan Loan Assn., Canton, Ill.
Metropolitan Loan Assn., Kewanee, Ill.

Philadelphia, the birthplace of the Nation and the Industrial Lenders' Association, wants to entertain you in 1929

Make money on Meilicke

for 30 days at no cost!

The Meilicke Time-and-Interest Calculator

By referring to the cards on the right for the current date, you can read directly the expired time to any date within a year. By referring to the cards on the left you can read direct interest on any amount for that time.

THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. They use them the same as they do the clock on the wall. For with either of them you can tell at a glance exactly how much interest is due on any ordinary loan you've made, without bothering to figure it out.

These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us. Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

The Meilicke Interest Calculator

Turn down the card showing the expiration date, and read direct the interest to that date on any amount at any rate. Every answer is PROVED correct. Approved by all state examiners.

* Scratch out the one you don't want.

Meilicke Systems, Inc.
3462 North Clark Street, Chicago.

Please send us a Meilicke {Interest / Time and Interest} Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retoin the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

Firm .....

Address .....

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Attention of .....

Meilicke

Time Saving Devices

MEETING SCHEDULE

TENNESSEE — Memphis, September 6.

NEW JERSEY—Atlantic City, September 6.

MARYLAND—Hagerstown, September 11.

MISSOURI—Kansas City, September 13.

MICHIGAN — National Convention, Grand Rapids, September 19, 20, 21.

NEW HAMPSHIRE—Blank City, September 26.

VIRGINIA—Roanoke, October 11.

MASSACHUSETTS — Boston, October 17.

CONNECTICUT—New Haven, October 17.

RHODE ISLAND—Providence, October 18.

MICHIGAN—Detroit, October 18.

ILLINOIS—Chicago, October 25.

GEORGIA—Macon, October 26.

WEST VIRGINIA—Charleston, November 9.

INDIANA—Shelbyville, November 14.

PENNSYLVANIA—Philadelphia November 14.

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Harrisburg, Pa.

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It is the month in which to lay plans and act on them. It is the month in which to do things.

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City and State .....

Go After Tomorrow's Business Today

You have the best months of the year ahead of you. What plans have you formulated to make the most of them?

You can either coast along, easily satisfied with your business or you can actively and energetically endeavor to show a large and substantial net increase each month.

If you are one of the coasting variety, our INDUSTRIAL LENDERS ADVERTISING SERVICE won't appeal to you, for you will have to be upon your toes to keep pace with the business it produces.

Write for sample and detailed information. Ask to see our new folders.

A. A. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

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INDUSTRIAL LENDERS NEWS

fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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UNIVERSITY OF ILLINOIS

Fourteenth Annual National Convention

By Geo. W. Kehr

o attendance records were broken at fourteenth annual national convention he A. I. L. A. held at the Pantlind el, Grand Rapids, Michigan, Septem- 19th, 20th and 21st, but for all that e four hundred members and guests e present at the banquet that followed ousiness sessions.

epresentatives of memberships located wenty-seven states and the District Columbia were there including Maine, H., Mass., R. I., Conn., N. Y., N. J., na., Md., Va., West Va., Ga., Fla., , Ohio Ind., Ill., Mich., Ky., Tenn., Mo., Iowa, Neb., Minn., Ore., and hington. From the north, south, east west, from the cities and by ways e this group of industrial lenders by mobile, aeroplane and trains for the wal of old friendships, exchange s and experiences and to check up he year's work, listen to the philos- of the speakers selected by the pro- committee and add impetus and ragement to the officers elected to on the work of improving small conditions in the U. S. A.

e Grand Rapids Industrial Lenders good their promises of the two ding years by not only providing at could be expected in the way of ties and entertainment but also ideal ner.

o things happened at this conven- that impressed the writer as dis- ished from previous gatherings. The was the rapidity with which a large ne of business was transacted in two leaving time for recreation and re in between, and second, the high y of the papers and discussions and lose attention given to the speakers. s, there was the usual skirmish on perennial question, "What Shall the Be?" and after the smoke had cleared everyone seemed to be of the opin- hat the action taken this year has nearer to the ultimate solution of perplexing question than all previous pts as both the large and small ers feel that each will now pay ding to his investment on a basis is believed will bring in sufficient e for all purposes.

September 18th

istration quarters were opened in antlind Hotel, and the guests were tly registered as they announced presence, each being given an at- e bronze badge with his name and home address, together with a book of admissions to the events that followed, including the luncheon Wednesday noon, dinner and entertainment Wednesday evening, sight-seeing and theatre party Thursday afternoon, and the banquet Thursday night.

During the afternoon, an open meeting of the Executive Committee was held in the Furniture Assembly Room of the Hotel, and it was well attended not only by the Committee but by a number of members interested in the subjects given consideration. The Committee discussed and considered the Ohio situation, report of the special committee handling the Wisconsin and Missouri affairs, finances and dues, the selection of representatives to the Hot Springs Conference of the United States Chamber of Commerce, and publicity.

Gilbert J. Badger,
Jersey City, N. J., Our New President.

September 19th

The Fourteenth Annual Convention of the American Industrial Lenders Association was called to order at 10 o'clock in the morning in the Italian Room, Hotel Pantlind, Grand Rapids, Michigan, by President Francis L. Thompson, Shelbyville, Indiana.

After singing one verse of America, Reverend James W. Fifield pronounced the invocation, at the conclusion of which President Thompson appointed Bill Young and Tate Harrison, sergeants-at-arms.

In the absence of Mayor Swarthout, Lawrence W. Smith, President of the Grand Rapids Association of Commerce delivered the address of welcome on behalf of the convention city. As is customary on occasions of this sort, Mr. Smith took advantage of the opportunity of boosting his home city by reminding us that it was the furniture capital of the U. S. A. and that practically all the fine furniture made in America was either manufactured there or designed there.

Another feature of which Grand Rapids is proud is the fact that it is the gateway to the pleasure region of northern and western Michigan, and "It is a good place in which to live." One thing was in Mr. Smith's favor and something he did not have to apologize for was the delightful weather enjoyed during the Convention. Mr. Smith's praises were not only devoted to his own city but to the American Industrial Lenders Association, the objects of which he seemed to appreciate by his cordial and hearty welcome.

Frank S. Whaler, general chairman of the local committee which was responsible for the success of this Convention, next greeted the Convention on behalf of the Grand Rapids Industrial Lenders Association, and supplemented very well what Mr. Smith had already said, by offering the service of the local committee for any purpose they might be needed during our stay in Grand Rapids.

In a brief but hearty speech, President Thompson responded graciously to the addresses of welcome of Messrs. Smith and Whaler, concluding by saying "The American Industrial Lenders Association appreciates the opportunity of meeting with you gentlemen here. We hope some day we may be able to come back."

It fell to the lot of the association orator, Charles H. Watts of New York City, to make the presentation speech which is customary each year when the retiring president is presented with a watch, and Mr. Watts lived up to his reputation by making an eloquent speech,

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NATIONAL OFFICERS, 1928-1929

President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.

Vice-President, A. P. Snite, 58 W. Washington St., Chicago.

Treasurer T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square. Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, T. M. Kaufman, 312 Guaranty Bldg., Indianapolis.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. B. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.

Legislation, V. C. Moore, 2 Lafayette St., New York City.

Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.

Membership, W. Young, 220 S. 16th St., Philadelphia.

Vigilance, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

NATIONAL COUNCIL

Ariz.—F. E. Winship, 123 E. Washington St., Phoenix.

Colo.—W. W. Kirby, 1030 Gas & Electric Bldg., Denver.

Conn.—M. J. Connors, 76 East Main St., Waterbury.

Fla.—E. R. Kichline, 325 W. Forsythe St., Jacksonville.

Ga.—R. R. Lanham, 205 Forsyth Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—T. J. Harrison, Riviera Theatre Bldg., Waterloo.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—C. A. Gardner, 129 W. Saratoga St., Baltimore.

Mass.—D. J. Wholey, 45 Merrimac St., Lowell.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

Mo.—H. Palmer, 119 N. 7th St. St. Louis.

N. H.—G. L. Skillin, 3 Capitol St., Concord.

N. J.—A. E. Montgomery, 40 Journal Square, Jersey City.

Ohio.—Col. D. H. Pond, 207 Blackstone Bldg., Cleveland.

Pa.—J. G. Bachofer, 18 N. 5th St., Reading.

R. I.—H. G. Neal, 49 Weybosset St., Providence.

Tenn.—John Richards, 301 W. Vine Ave., Knoxville.

Va.—J. E. Burnett, 119 N. 3rd St., Richmond.

W. Va.—A. H. Knox, 370½ Market St., Parkersburg.

Wis.—P. J. Koehler, 331 North Ave., Milwaukee.

STATE SECRETARIES.

Ariz.—L. B. Christy, Phoenix.

Colo.—L. M. Brazier, 320 Symes Bldg., Denver.

Conn.—A. E. Dejon, 109 Church St., New Haven.

Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.

Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—A. H. Werner, 203 Shops Bldg., Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg , Portland.

Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit

Mo.—V. G. Wise, 209 Continental Bldg., Kansas City.

N. H.—F. A. Brodeur, 957 Elm St., Manchester.

N. J.—W. S. Buswell, 40 Journal Square, Jersey City.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—L. E. Pope, 209 E. Grace St., Richmond.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee

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extolling the services rendered by Mr. Thompson during the past year as the president of the national organization.

President Thompson was deeply affected by Mr. Watts' speech but promptly recovered and expressed his appreciation of the gift and the association's regard for him, and then called the Convention's attention to the beautiful flowers that decorated the tables in the front of the room, which were presented by the Industrial Lenders Exchange Bureau of Philadelphia and the Pennsylvania Industrial Lenders Association.

The state presidents and chairmen who are members of the National Council, or their designated representatives, were reminded of their power to nominate officers of the association for the ensuing year.

At this juncture Bennett Baldy of Everett, Washington, was introduced to the Convention.

At the request of the chair, Mr. Harbison was requested to act as chairman of the Nominating Committee and to call it together at a convenient time.

Walter S. Herron, Chairman of the Membership Committee, Philadelphia, gave an interesting report of the work of his committee for the past year, which indicated that 109 members had been obtained from 19 states including Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and Wisconsin, and that the dues received from these new members exceeded approximately by $500, the amount actually spent to obtain them. The Convention was amused by the reading of some of the letters aptly called by some of the members who commented upon Mr. Herron's report—a la Will Rogers—setting forth their reasons for not becoming members of the A. I. L. A. Mr. Herron made some excellent suggestions for his successor. The report was accepted with appreciation by the Convention.

The report of the Committee on Legislation, made by L. C. Harbison of Chicago, indicated that even though this year was a light year so far as Legislatures are concerned, one more State was added to the Uniform Small Loan Law column as Louisiana enacted the law, which was signed by the Governor July 11 and became effective August 1 of this year. Additional small loan legislation was enacted in New Jersey and New York, but the legislation which was introduced in the other six states in which legislatures met during the past year, failed of passage. On motion duly seconded the report of the Committee on Legislation was accepted with thanks.

In the absence of Frank R. Hubachek, Minneapolis, Minnesota, his son, F. B. Hubachek read his report for the Law Committee, which referred briefly to the success in the Palmore vs. B. & O. R. R. Co. case in which the Court of Appeals of Maryland, a court of last resort in that state, held Section 16 of the Uniform Small Loan Law to be a valid constitutional enactment, thus supplementing de cisions of the highest courts of Illinoi Pennsylvania, and Georgia in upholdin the entire Uniform Small Loan Law a it is now recommended and sponsore by the Russell Sage Foundation and th A. I. L. A. Mr. Hubachek's reference to the work of the Vigilance Committe and the success in the case of Smi vs. Household Finance Corporation the Circuit Court of Michigan in D troit, were very much appreciated. was voted on motion of Dr. Muelle duly seconded that the report be receiv with thanks.

L. K. Osborne, Chairman of the Pu licity Committee, Columbus, Ohio, r ported briefly as follows:

"I wish to take this opportunity express my appreciation for the effor that have been put forth by the membe this last year in getting some promine articles in the different national perio cals, which has made the publicity ca paign this year a successful one, wh you consider that your Publicity Cha man was without any appropriation."

"I recommend my successor be giv an appropriation and this associati adopt a program this coming year a national publicity campaign."

On motion, duly seconded, Mr. borne's report was received with than

President Thompson said:

"I heartily concur with our Chairm of Publicity because of the fact that A. I. L. A. has been very backward very slow in taking up an educatio campaign for the public. I persona hope that 1929 will see a campaign national advertising on a scope that be a credit to the business that we r resent."

Tate J. Harrison of Waterloo, Io rendered his report as treasurer, giv a complete account of receipts and bursements of the association funds ing the past year, certified to by a pu accountant, and the bank in which association's account is carried. Harrison's report indicated that th was a small balance in the treasury had it not been for the fact that a n ber of members paid more than t constitutional requirements for dues, a number of State Associations con uted substantially toward the running penses of the National Association du the past year, there would have bee balance in the treasury. On motio Mr. Badger, duly seconded, the re was accepted with thanks.

W. P. Woll of Chicago, repo for the Finance Committee, drew very pointed conclusions from the t urer's report which were convincin those who listened to him, that the fixed by the last National Conve were entirely inadequate for the which the A. I. L. A. has to do. pointed out the necessity of more f for the important work that mus done during the coming year. Mr. W remarks were greeted with hearty plause.

Charles R. Napier, Esq., of Chi rendered a very comprehensive r for the Vigilance Committee, of w he is counsel, indicating that this probably the most active committe the association during the past yea it involved considerable travel on Napier's part to several states on portant business pursuant to this mittee's work. Many conferences held and much good accomplishe

this committee. Only those who were privileged to hear Mr. Napier's report can have any conception of the work undertaken and now proceeding along definite lines for the good of all members of the A. I. L. A. At its conclusion, on motion made by Mr. Harbison duly seconded, the report was received with thanks.

Mr. Harry Palmer, President of the Missouri Industrial Lenders Association, being recognized by the chair, said:

"I want to say that it seems that Missouri is sort of Peck's bad boy, and I want on behalf of the Missouri Association to thank Mr. Napier and the National Association's Executive Committee for their work. When they came into Missouri the first part of the year, they met with a good deal of opposition. Some of the members were lukewarm to the program and didn't think it wise, but the way Mr. Napier went about it, he has lined us all up and we want to thank him for all that he has done."

After apologizing for the omission of vice-president, G. J. Badger's name, as well as that of the Vigilance Committee from the program, the secretary reported briefly that the membership had grown from 696 members last year to 863 this year. The membership spread over 31 states, and out of the total number enrolled only 37 were delinquent in the payment of their dues. The approximate increase in membership over the preceding year was fixed at 20%. On motion duly seconded, the report of the secretary was accepted with thanks.

Mr. Badger was permitted to introduce a resolution purporting to amend the Constitution Article 5, Section 1, by changing 35c to $1.00 and $5.00 to $10.00 and adding, "not more than $200." The resolution was seconded by Mr. Woll. Mr. Badger made a stirring speech in support of his resolution, pointing out clearly that the rate at which dues were then fixed by the Constitution were entirely inadequate and did not bring in sufficient revenue with which to carry on the work of the association. Mr. Badger's resolution called for the appointment of a committee of five to consider the resolution and report back to the convention later. Although discussion of the matter continued for some time, at the suggestion of Mr. Harbison, Mr. Badger withdrew his motion and agreed to Mr. Harbison's suggestion that the matter be decided by the convention, and that 11 o'clock Thursday morning be fixed as the hour when the matter should come up for action. It was agreed to.

C. H. Stratton of Sullivan, Indiana, got the floor and after prefacing his remarks with some witty references to the "has-beens," paused to call the attention of the convention to the absence from the Indiana delegation of "a man that you all know who has been very active in association affairs not only in Indiana but nationally. A year or two ago he was Chairman of the Publicity Committee. That is Roy Hartz. I know most of you know him. I received a letter from Roy four or five days ago in which he wished to be remembered to all the boys. Roy had something happen to him. Just what happens to those who overwork many times. Laid up for a month and perhaps it will be another month or two at the best."

Continuing, he moved that the secretary wire Roy expressing our best wishes for a speedy recovery, and at the suggestion of Fred Snite that flowers be sent to him. It was agreed to.

Mr. Stratton also suggested and the secretary was directed to send an appropriate letter to the family of Mr. Will R. Hancock, who recently passed on, expressing our sympathy in the loss we have sustained of one of our most active and useful members.

Before adjourning for lunch, a telegram was received from Howard T. Mattingly of Baltimore, expressing his regret on account of his inability to attend the Convention, and his wish to be remembered to all the folks.

F. S. Whaler, Chairman of the local Committee, presided at the luncheon and introduced the speaker, Lee Bierce, Secretary of the Grand Rapids Association of Commerce. Mr. Bierce was given a hearty welcome and after prefacing his talk by telling a good story, gave a good talk on "The Value of Organized Effort," saying in part:

"They say this is an age of organization. There are so many organizations that all business and professional men are supposed and expected to support. Now just think in your own mind the number that you belong to. You belong to the national organization of lenders. You undoubtedly belong to your state association, and you belong to your local organization, and then you belong to the Chamber of Commerce of your community and maybe you belong to a State Chamber of Commerce, as they have them in many states, and possibly to the national Chamber of Commerce, and the question might arise, where can you draw the line. Which of these organizations should you support and which of these organizations should you not support? I can answer that question and say that almost without exception any of these organizations that are intelligently conceived and efficiently managed, are worth all that it costs you in money and time to belong."

"I can tell you further that it is typically American for business and professional men to organize. The United States Government through its Federal Trade Commission, through its Interstate Commerce Commission, and other subsidiary organizations; your State Government through its Securities Commission and its Public Utility Commission, etc., doesn't care what you as an individual think about a certain problem,

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The farmers' barns are filling now with all the splendid fruits of Nature that have come to be through the cleverness with which man has been able to use her help.

Your coffers should be filling now, not as a result of the warm smiles of Old Sol but as a result of the sunny smiles of a group of happy, satisfied borrowers.

Your collection costs and advertising costs, as you know, depend on the state of mind of your borrowers. But what steps have you taken to guide the mental attitude of your people along the lines of paying promptly and recommending others to you?

"My Thrift Book" is the latest, simplest, most helpful book of its kind put out by any financial organization in the United States. Let us send you, with a free copy of "My Thrift Book," a few suggestions on how to use this book in saving money and increasing profits.

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but those Commissions do care what your Association thinks about a certain problem."

Continuing along this line, Mr. Bierce said:

"Any business in the United States today that is not organized and has not an Association to represent it as you have, you can make the statement with your eyes shut that chaos exists in that organization."

Proving his points with illustrations, Mr. Bierce concluded by summarizing his talk as follows:

"This is an age of organization. It is typically American to organize. It is absolutely essential to organize. You are organized just for the same purpose that other businesses are organized, and that is to establish a code of ethics. After you have established this code of ethics, you want as many concerns in your line of business as possible to join with you in respecting this code of ethics, and then you want your organization so big and so powerful that you can absolutely curtail if not stop the activities of those who are competing with you upon a plane of ethics that is not what it should be; and in this endeavor on your part you will have the support and coöperation of the United States Government through the Federal Trade Commission; you will have the support of your organization in your efforts and of the Chamber of Commerce of the United States; you will have the support and coöperation of your local Chamber of Commerce, and you will be honored and respected by the entire community."

WEDNESDAY AFTERNOON, SEPTEMBER 19TH

The afternoon session convened at 2:45 with President Thompson in the chair. The first speaker was Mr. Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, New York, who spoke on "The Year's Progress and the Uniform Small Loan Law."

Both President Thompson and Vice-President Badger expressed the appreciation of the Association for Mr. Henderson's splendid talk, the latter attributing the success so far obtained by the Attorney General of New York in driving the loan sharks out of that State, to him and the organization which he represented.

President Thompson then introduced Dr. Franklin W. Ryan, author of the book entitled "Usury and Usury Laws," who discussed "The Significance of the New British Money Lenders' Act." Dr. Ryan proved that even though he is a deep thinker and student of questions about which he has written and spoken, his make-up does not lack humor as he made a number of witty remarks before settling down to the serious part of his talk. He related the history of the new law in England and said that our entire American legislative system grew out of the common law of England. Our typical usury law which we have in this country in a great number of States was copied from the usury law which England had. He gave the times and under whose reigns laws were enacted in England allowing interest and developed the subject up to date, showing the successive laws that have been enacted regulating this subject in England. Commenting on England's new act, Dr. Ryan said:

"The first thing is that England has at last after a long time—it was in 1845 they repealed their usury law and had no set rate of any kind—arrived at a quantitative measurement of moral usury. The second thing is that this rate is higher than any rate we have in this country. We have as I understand, about eighteen or nineteen States under the Uniform Small Loan Law, setting the maximum statutory rate of 3½ per cent a month and that is the highest rate that has ever been set by statute. By this law of England setting a rate of approximately 4% a month, they have confirmed the studies that have been made by the Russell Sage Foundation and others. Twenty-seven years of experience with the money lenders' act of 1900 has made the British people see that a 4% a month rate is just about fair. Of course that is a much longer period of experience than we have had in this country. I suppose our experience with the Uniform Small Loan

FRANCIS L. THOMPSON,

Shelbyville, Ind., Retiring President.

Law has been only about fourteen years, since the year 1914 when the first law was passed in New Jersey, but of course, we have had previous experience before that with violations of the old usury law."

"So my third point is that England's longer period of experience, namely, twenty-seven years, makes this new rate particularly significant. If there are people in this country who complain that 3½% a month is a very high rate, let them remember that our old usury law system grew out of the old usury laws of the statute of Charles II and the statute of Queen Anne."

"My fourth point is that our law is a better law than the British Law, that is for our American institutions. We couldn't have this British law—we can't have courts remaking contracts. We have to have a statutory maximum."

Continuing with the points of difference between the English Money Lenders' Act and the Uniform Small Loan Law, Dr. Ryan concluded his masterful talk with the following remarks:

"There is a great future just a few years ahead. This business is moving rapidly towards it. All these little events, the passage of the law in Louisiana, the endorsement of the Uniform Small Loan Law by increasing numbers of organizations, and this enactment of this law in England all point to a future in which this business will be well founded and as firmly established as a commercial banking business in the future."

President Thompson expressed the Association's appreciation of Dr. Ryan's interesting discussion and then called upon Burr Blackburn, Director of the Study of the Social Effect of the Wisconsin Small Loan Law, who discussed the subject, "How Our Public Thinks." Mr. Blackburn said in part:

"I cannot refrain from emphasizing the similarity between your work and works which were brought out by the social worker who addressed you last year. We are doctoring the economically sick who have fallen through the structures of society and are seriously if not permanently injured. You are the doctors who are called in before the gangrene of poverty, infection of despair has destroyed the tissue of hope and self-respect. When the public sees you in this light their emotions will play upon the right pictures."

Another of Mr. Blackburn's observations was:

"Modern business cannot remain static. It can only grow by increasing the volume of services rendered, for service is the only thing the business has to sell. Look at the volume and variety of service rendered by the modern bank. To one who has come to appreciate the quality and capacity of your leadership there can be no doubt that this sort of family finance business includes a wide expansion into services other than money lending."

And who will not appreciate this humorous remark incident to Mr. Blackburn's serious talk:

"Just the other night I availed myself of the privilege of attending a sermon on usury preached by a colored brother in Madison, Wisconsin. His text was 'He grabbed him by the throat and said unto him, "Pay me all thou owest me."'"

Appreciation of Mr. Blackburn's discussion was expressed by President Thompson.

John D. Williams, Second Vice-President of the Community Finance Service Inc., Philadelphia, was then introduced and addressed the Convention on "Ethical Maybes."

It is a source of much regret to the writer that Mr. Williams' address cannot be published in full in this paper on account of lack of space but this address as well as all other proceedings of the Convention will be published in full later in the annual Yearbook which will probably be distributed in December to all members in good standing in the A. I. L. A., and others who may wish to purchase it at $1.00 per copy.

Mr. Williams said that ethical maybes are those things or practices which might be entirely lawful but which in our own hearts we know to be undesirable, unhonorable, and harmful to the business. Mr. Williams discussed the question from three phases, namely, the advertising of our services to the public, the contact and treatment of our customers, the contact and treament of our competitors. Concluding his discussion, he said:

"Consider these questions. What are you doing to make your business a better business? What are you individually doing to uplift and dignify the business? We cannot hope to have other concerns promote our own welfare. If this business is to be respected as the banking institutions are, we must conduct our business in such a way that we will deserve and maintain the highest respect of all, therefore every individual one of us should absolutely refuse to tolerate ethical maybes, then all things will be done decently and in order."

Before adjourning for the afternoon President Thompson thanked Mr. Williams for his interesting discussion.

Fun Nite

Fun nite included a fine dinner, good orchestral music and some splendid singing by the Wolverine Male Quartette. The program was in Chinese and the writer has been unable to find a translator of it but I can say briefly that the Chinese effect was very well carried out in the decorations and costumes used by the Wolverine Quartette and the paper caps that were given to all diners. There was some interesting horseplay during the evening which included the breaking into the dining hall of a disguised anarchist or bolshevik who insisted in language one could hardly understand, that Bill Young owed him $5.00 and that he wanted to find him and collect the money before he left the room. After meeting with lots of resistance, he finally located Bill and collected the money. Another interesting experience was related by Tate Harrison, in which the joke was on Charles R. Napier, Esq. of Chicago, who he said was arrested for jay walking in Kansas City, Missouri.

Joe Wasserburger gave an exhibition of trick pistol shooting. There was some ballet dancing by some pretty local girls and some of the young men employed by local offices who were dressed in attire imitating the female ballet dancers. These and many other stunts which cannot be mentioned, were very much enjoyed.

Thursday, September 20th

President Thompson called the Convention to order at 10 o'clock, and introduced as the first speaker, Lewis Goldstein, manager of the Service Loan Co., Detroit, Michigan, who talked on "Coöperation as a Medium in the Elevation of Our Business." Among the numerous interesting statements made by Mr. Goldstein in discussing this subject, he said:

"Coöperation in the field of business and the method of circumstances is the perfectly logical way of approaching the problem which we face in common and which are too complex to be solved by any one of us alone. The faster some industrial lenders come to the point where they realize this, the quicker will their progress and that of the industrial lenders in general advance in quality, service, and volume. In the same manner that the individual is often willing to step aside for the Better Business Bureau so that the community shall have the right of way, so the success of any company denends upon the success of the entire community."

Thanking Mr. Goldstein for his splendid paper, President Thompson expressed regret that more time was not permitted to discuss it further.

President Thompson announced the next speaker as David H. Finck, Educational Director of the Industrial Lenders Technical Institute of New York, who talked on "A Personal Analysis." Mr. Finck referred briefly to the progress being made by the Institution he represents. With word illustrations, he called the Convention's attention to the importance of keeping up to date in one's business. He said,

"In order to build up for the group that is now in the business, this group must do what I call think"—and as he viewed it, there are several kinds of thinking.

"The first class, to use a high-brow word, is called imperial thinking. The second class is what we call critical or reflective thinking, and the third, creative thinking." Each one of these points was fully developed and illustrated.

Taking a statement made by the Secretary of the Grand Rapids Association of Commerce, Mr. Bierce, in which he said that any business that did not benefit the ultimate consumer was bound to fail, Mr. Finck said that:

"If our business does not benefit the consumer ultimately, if we don't get our customers out of debt, if we don't teach them how to save; how to budget and how to set aside excess of income over expenditures, and other things of that sort, we are going to get into trouble."

President Thompson thanked Mr. Finck for his interesting address and introduced Ralph H. Hay, Manager of the Commonwealth Loan Company, Highland Park, Michigan, who read a paper on "Coöperation in Handling Transferred Accounts." Mr. Hay called to the attention of the Convention, the lack of coöperation some accounts received upon reference to members in the following statement:

"It has always been my impression that members of the A. I. L. A. are morally obligated to coöperate in handling accounts sent to them, but the experience of many to whom I have talked shows that many times this is far from being the case. To illustrate, I was recently obliged to transfer an account to an office in one of the large chain organizations and a few days later I was certainly surprised to receive a letter from the manager of this office saying: 'I called your customer on the 'phone today and he says he will not pay, so I am returning the account. If you still want to collect your money you might send your account to the John Doe collection agency here—they are the best in town.'

"Well now, we did follow this suggestion and behold we got our account in full from the collection agency in a short time. An unusual case, but is that coöperation on the part of a member of this Association?"

Mr. Hay suggested the following proceedure when accounts are transferred to members in other localities as follows:

"Send a complete copy of the application, what the security is, if a chattel loan send a list of the security, the party's occupation and last place of employment, a description of the customer and last but not least, don't forget a self-addressed envelope."

He also outlined the method to be followed in acknowledging the receipt of an account, which are as follows:

"Make the necessary cards for your own files. Notify your local clearing house exchange. Send out on the account, checking the security if possible, and by all means handle the transaction as if it were your own account."

Mr. Hay concluded his paper by criticising the manner in which some members handle skip accounts and urged those present to see to it that the things about which he complained be rectified by the offices which they represented.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

William H. Spencer, Dean School of Commerce, University of Chicago, says:

"Mr. Ryan's book is a scholarly discussion of economic and legal aspects of usury and ought to aid in its solution."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

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SPOT CASH

If you prefer we will consider consolidation of your office or offices, either retaining or not retaining, to as large a degree as is possible your present personnel.

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Peoria, Illinois

This paper being on a practical and vital subject, it produced much applause.

Dr. George Filipetti, Professor of Business Administration, Columbia University, New York, was then introduced by President Thompson and talked on "The Future of Small Loans." Dr. Filipetti said in part:

"Two things stand out prominently as factors which will influence the future of the small loan business—one is the degree to which you as a group can develop coördinated leadership or a high caliber, and thus create intelligent publicity and intelligent control. The other is the degree of specialization necessary to successfully carry on the business of extending this form of personal credit. The term "intelligent publicity" is a very broad one. To create such publicity has required an analysis of your business in its economic and social aspects and the development of a wide public appreciation of the significance of what you are doing.....

"There is a best way of handling public relations work if such relations are considered important enough to justify the means, but it must be based upon truth rather than upon unfair propaganda."

In discussing the various kinds of credit, Dr. Filipetti said:

"It is really a matter of importance to you that public men, business men, and the public at large should come to recognize the respectability and social desirability of consumer credit."

One of the ways pointed out of dignifying our business, he said:

"You can raise it to the required level by the development of an appreciation of the place which it fills in the organization of society by the adoption and enforcement of high standards and practices; by the development of high class personnel throughout the organization engaged in the business. The most effective way to do this is through the proper organization of the business as a whole."

"To summarize what has been implied in the foregoing discussion, your organization can do the following things:

1. "It can take steps to effect a widespread public knowledge of the small loan business, its service and the agencies which supply it;

2. "It can obtain wide publicity for the features of the Uniform Small Loan Law, the bodies sanctioning it, and the results obtained through it in the states which have passed the law. Such sustained publicity in the states in which the law has not been passed may be used to hasten its enactment by public pressure;

3. "It can obtain wide publicity on the making of small loans as an established business of good repute, and this should influence the price you pay for borrowed capital;

4. "It can collect statistics and information of the business as a whole, for the use of its members, to determine where the business is going and to enable each member to measure his results in the light of the results of his associates;

5. "It can establish, and more important, it can carry out, policies for the business as a whole, establish fair practices, and control publicity;

6. "If it seems desirable, it can develop an educational program for employes which will be effective in putting the policies of the business as a whole into practice, and which will provide a broader training in credit than that involved in the extension of personal loans as you now make them.

7. "It can take advantage of such things as may arise from time to time and which may be used in the furtherance of the business."

After the applause subsided, President Thompson said:

"Dr. Filipetti, I am sure the expression of the Convention speaks for itself."

After being introduced by President Thompson, C. R. Dudley, manager of the City Finance Co., Detroit, Mich., read a paper on "The Necessity of Small Loans and the Justification of the Small Loan Acts from a Manager's Viewpoint." Mr. Dudley said in part:

"There are something like 25,000 banks in the country extending credit to borrowers to the extent of billions of dollars yearly, and yet it has been estimated that only 15% of the actual population are bank depositors, and that about 10% are so fortunately situated as to command bank credit. This means that the great mass of the public is dependent upon borrowing facilities other than through the regular banking channels."

The subject was developed convincingly, showing the necessity for small loan institutions by numerous illustrations, in which it was shown that they have their place in the fiscal system of this country.

Mr. Dudley made a good case in justifying the small loan laws and particularly the rate permitted, saying:

"When one speaks of interest, it is immediately associated with profit, and when we speak of 3½% per month, it is naturally assumed that it is profit, although it should be clearly manifest to anyone who gives the slightest consideration to the subject that the so-called interest includes all other expenditures in the proper servicing of a loan."

This point was further elaborated upon by illustrations which showed that the net profit in the industrial loan business compares only modestly with the profits in other lines of business and professional work.

The applause with which Mr. Dudley's paper was received indicated clearly that it was very much appreciated by the Convention.

President Thompson announced that the matter of dues, a special order of business from the day before, would now be taken up. Mr. Badger moved the adoption of the amendment presented the day before. The Secretary read the amendment and the article as it would read amended.

Article V. Dues. 1. The annual dues per membership for each regular member shall be the sum of $1.00 per thousand of average loan balances outstanding during the preceding calendar year, provided that such dues shall not be less than $10.00 nor more than $200.00, and provided that $1.00 of said dues shall be for a payment of a year's subscription to the INDUSTRIAL LENDERS NEWS.

Mr. Harbison asked the purpose of the proposed amendment, to which Mr Badger explained at length that it was to provide sufficient funds to carry on the work of the Association, elaborating upon the various needs for which more funds were needed, and explained that it it had not been for the fact that a number of the State Associations had responded to the call for help, and if certain members had not paid more than the dues required under the constitutional requirements, and made special contributions, the work of the past year could not have been executed.

Mr. Stratton wanted to know why there was a $200 limit placed in the amendment. Mr. Badger attempted to answer the question but it didn't satisfy Mr. Stratton, who made a strong argument for striking out the $200 limit from the amendment.

Mr. Woll also took a hand in trying to answer Mr. Stratton's question with little more success. Mr. George Rich of Pawtucket, Rhode Island, suggested that the step proposed by the amendment was too sudden and suggested a compromise rate of 65c per thousand without minimum or maximum charge. President Thompson interjected that we could not consider suggestions but the amendment could be further amended if so desired. Mr. Rich offered the amendment which was seconded.

In discussing the amendment to the amendment, Mr. Harbison inquired on what basis the persons who had offered the solution to the due problem were basing their figures and whether they knew what income would be derived and what the expenses of the Association were. Mr. Rich argued further on his amendment, in which Mr. Woll also took a part, whereupon Mr. McDermott of Philadelphia, who seconded Mr. Rich's amendment, argued for its approval closing by asking the chair to put the question on the amendment to a vote. The chair recognizing Mr. Harbison, the debate continued on the amendment with Mr. Harbison much opposed to it. Messrs. McDermott and Buckner of Pontiac, Mich., followed, both of them

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass. Information upon request.

arguing for the Rich amendment, which resulted in Mr. Harbison's moving that the amendment be tabled. Mr. McDermott rose to a point of order, saying Mr. Harbison's motion was out of order, to which Mr. Harbison called for a ruling by the chair who sustained him, who said the motion was in order. The motion being seconded, a rising vote was called for and taken, which showed that a great majority were in favor of tabling the motion that was made to amend the amendment.

Major Stockton, New York City, made a strong argument in behalf of the so-called independent lender saying that no one wanted charity and that each wanted to pay his fair share of carrying on the organization, remarking that "If the organization is not doing its work it is not worth $1.00 nor is it worth 35c, but if the organization will get to work and do what there is great need for, then it is worth to me and the smallest man we have here, $1.00 a thousand or $5.00 a thousand."

Continuing, Major Stockton said: "Let us carry our own expenses but on the other hand if the man who has a million dollar office is going to pull out because he has to pay $1,000 a year, he is too small a man for our organization and we are well rid of him."

Following this, Mr. Harbison offered an amendment to the original amendment by striking out the $200 limit, making the dues to all, $1.00 a thousand straight regardless of size. Mr. McDermott seconded the amendment.

The chair put the question on the amendment which was carried. The vote was later taken on the original amendment as amended and it was unanimously carried. The article as finally adopted is as follows:

Article V. Dues. 1. The annual dues per membership for each regular member shall be the sum of $1.00 per thousand of average loan balances outstanding during the previous calendar year, provided that such dues shall not be less than $10.00 and provided that $1.00 of said dues shall be for payment of a year's subscription to the INDUSTRIAL LENDERS NEWS.

The report of the Nominating Committee was then called for and Mr. Harbison reported for that Committee as follows: President, G. J. Badger, Jersey City; Vice-President, A. P. Snite, Chicago; Secretary, G. W. Kehr, Harrisburg; Treasurer, T. J. Harrison, Waterloo, Iowa; Law Committee, F. R. Hubachek, Minneapolis; Finance, W. P. Woll, Chicago; Membership, W. S. Herron, Philadelphia; Vigilance, L. C. Harbison, Chicago; Legislation, Virgil C. Moore, New York City; Auditing, T. M. Kaufman, Indianapolis; Publicity, L. K. Osborne Columbus, Ohio.

Mr. Herron withdrew as nominee for the Membership Committee Chairmanship and suggested and nominated Mr. William Young of Philadelphia, in his place, which was accepted by the Nominating Committee. Mr. Young accepted the nomination, contingent upon all present being willing to support him in increasing the membership during the coming year. Incidentally, Mr. Palmer of St. Louis, Mo., informed the convention that at their meeting held in Kansas City, September 13th, a resolution was adopted urging all members of the Missouri Association to take out membership in the A. I. L. A.

Mr. Harbison said if Mr. Herron's withdrawal was acceptable to the Convention and Mr. Young's nomination agreeable, he moved as Chairman of the Nominating Committee that the nominations be closed and the Secretary be authorized to cast one ballot for the nominees named by the Committee. With the motion duly seconded, the Secretary cast in the ballot and the nominees were duly elected.

President Thompson then announced that we were ready to consider the next meeting place of the A. I. L. A. Mr. Badger moved that Philadelphia be selected for 1929. Mr. Young seconded the motion. President Thompson inquired if there were any other cities that would like to be considered for our next meeting to which the Secretary replied that a number of invitations had been received from other cities, including Memphis, Tenn., Knoxville, Tenn., Chicago, Ill., Atlantic City, N. J., New York City, Savannah, Ga., Toledo, Ohio; Cincinnati, Ohio; Cedar Point, Ohio; Montreal, and elsewhere but none of them were strongly supported by the local members. There was a lady from Memphis, Tenn., who appeared at the Convention and did some excellent missionary work but she concluded that she didn't have a chance against Philadelphia this year, but hoped that Memphis would be selected in 1930. The motion that the Convention be held in Philadelphia in 1929 was carried. The Committee that has been diligently at work to bring the Convention to Philadelphia in 1929 for the past year, consisted of A. V. Hart, William Young, W. S. Herron, J. F. Devine, and E. F. Moore.

Adjournment was taken at 12:30.

THURSDAY AFTERNOON, SEPTEMBER 20TH

The afternoon session was called to order at 3 o'clock by President Thompson, who announced that the purpose of the meeting for executives and owners representing members to consider any questions of importance to them, while the managers who were to have a meeting at the same time decided they would rather have the afternoon of freedom to get acquainted with Grand Rapids and its people and see some of the sights.

Mr. Thompson then announced that he would turn the gavel of office over to his good friend and coworker, Mr. Badger, who had been elected to succeed him during the morning. Mr. Young acted as an escort, bringing Mr. Badger to the front of the room while the audience arose and applauded. In retiring from office, Mr. Thompson said:

"I want to say to you men that in selecting Mr. Badger as your next president, you have made a very wise choice —I assure you that the year 1928-1929 will be an outstanding year in the A. I. L. A. activities."

Mr. Badger assumed the office saying: "What is done in 1928-1929 will be the will of the majority of this body and I believe that you have shown by your action this morning in so promptly voting an increase in dues that I will have that will of the majority with me in accomplishing those things which your Executive Committee will plan and ask me to carry into effect. I thank you for the honor you have bestowed upon me."

President Badger then called upon Dr. Mueller to escort the new Vice-president, Mr. A. P. Snite of Chicago to the front of the room in order that he might be properly inaugurated into office. After this was done, Mr. Snite made a speech expressing his appreciation of the election to the office with which he had been honored. The inauguration of the other officers was dispensed with and the Convention gave its consideration to the matter of a national publicity campaign. Mr. W. P. Woll and B. E. Henderson of Chicago, Dr. Ryan of Jersey City, Messrs. Liggett, T. M. Kaufman, Major Stockton, John Richards, Thos. McDermott took part in the discussion which followed on this question but no action was taken except to recommend that the Executive Committee give consideration to the matter during the coming year.

Mr. Young having the floor, moved that the retiring president be given a rising vote of thanks for his services to the Association during the past year. The audience arose and applauded enthusiastically.

Mr. Richards at this time extended the Convention a personal invitation to meet in Knoxville, Tennessee in 1930.

The balance of the afternoon was taken up with the consideration of affiliation with the Better Business Bureaus in the cities in which they are located and in which our members do business. Messrs. Woll, Napier, A. P. Snite, Palmer, Wanamaker, and Osborne spoke of the advantages of this affiliation. The consensus of opinion which followed the discussion seemed to be that it is advisable for our members to coöperate with Better Business Bureaus in every city in which they may be established.

The conference was concluded by President Badger announcing: "If there is nothing else to be brought before this Convention we will stand adjourned to meet in Philadelphia in 1929 where we will be entertained by those princes of entertainers, Bill Young, Doc Mueller, Herron—oh, why mention them. You boys know them and you have all been to Philadelphia. It is the next best place to Reading."

BANQUET, THURSDAY EVENING, SEPTEMBER 20TH

F. S. Whaler Chairman of the local committee started the after-dinner entertainment by announcing that Elmer Johnson, head of the Industrial Loan Division of the Indiana State Banking Department was with us, and that he had received two telegrams, one from Roy Hartz expressing thanks for the telegram and flowers sent to him, and the other presumably from a lady friend,—at any rate it read:

"Tate dear missed train stop last drink responsible stop broke and at your mercy stop must tell husband all unless you send fifty dollars stop" and Mr. Harrison arose, said "Stop, my God."

Mr. Whaler continuing said: "The toastmaster for the evening is a gentleman who hardly needs introduction to most of you as Mr. Watts has already referred in complimentary terms to his services to the A. I. L. A. in the opening session of the Convention. I have the pleasure of turning the balance of the program over to our toastmaster and late president, Mr. Francis L. Thompson, Shelbyville, Indiana."

The audience arose and applauded. Toastmaster Thompson started the ball rolling by saying that there was one matter that was deferred until this eve-

ning and that he was going to ask our venerable friend from Indiana, one of our former presidents, well known and well beloved "Cuppy" Stratton of Sullivan, Indiana, to say a few words.

Mr. Stratton arose and said: "It is a privilege and pleasure to say a few words in appreciation of the wonderful entertainment that has been so beautifully given to us by this Convention. Last September, while we were giving you a warm reception in Indianapolis, there was a committee of very energetic gentlemen who said that if you will come to Grand Rapids we will entertain you and give you perfect weather. I don't believe that we can complain either of the weather or entertainment. It is certainly a paradise here this week. The entertainment we all enjoyed and appreciate the hospitality of your beautiful city, the courtesy of the people, and we want you to know Mr. Whaler and your Committee, that we have enjoyed your hospitality. We will always remember Grand Rapids in a very kindly way. We all thank you for what you have done for us and our Association." Applause.

The toastmaster than introduced Tate Harrison under his new title, "The Gentleman of the Stock." Tate attempted to explain the telegram that had been sent to him and previously read by Mr. Whaler but without success. Tate lived up to his reputation of being one of our best after-dinner entertainers. His remarks overflow with wit and humor. He promised to make his annual appearance in Philadelphia, Pa., next "yeah."

J. H. Hudson of the Illinois Chamber of Commerce, Director of Mercantile Affairs, was then introduced by the toastmaster. Mr. Hudson's address bristled with jokes and stories of a humorous nature and made everyone forget all about shop.

The concluding banquet speaker was Edward James Cattell of Philadelphia, who is endowed with the rare gift of an actor who can make his audience cry or laugh at will. With all his fun, jokes and stories, there is a wholesome philosophy woven through his addresses which cannot help but have an exalted effect upon all who hear him. He is an optimist at 82 and expects to live as long as Methuselah. His address, as well as Mr. Hudson's who preceded it, were very much enjoyed.

Toastmaster Thompson introduced the new president of the A. I. L. A., Mr. Gilbert J. Badger, Jersey City, N. J. Mr. Badger made a brief address in which he called for the support of all the members in carrying on the work of the Association during the coming year.

Mr. Buckner, Chairman of the Michigan Industrial Lenders Association, asked for the privilege of making a few remarks. His request being granted, he called up the members of the local committee that arranged all the details incident to the Convention and presented each of them with a beautiful bill fold in appreciation of his services. The Committee consisted of: Messrs. Frank S. Whaler, Irving H. Stroup, A. B. Cadwallader, F. E. Stroup, George B. Dinsmore, H. C. Stowe, Paul N. Casault, and J. C. Deremo.

MICHIGAN WINS THE ATTENDANCE TROPHY

According to the registration cards, Michigan with a percentage of 67 of its members present at the Convention, won the attendance trophy that is awarded annually to the State Association having the largest percentage of its members in good standing present at the Convention.

The other States according to percentage of members present were as follows: New York, 50%; Illinois, 29%; Indiana, 23%; Ohio, 22½%; Missouri, 18%; Pennsylvania, 17%; Washington, 16%; Tennessee, 11%; Iowa, 10%; West Virginia, 10%; Kentucky, 9%; New Jersey, 8.6%; Wisconsin, 7%; Connecticut, 7%; Rhode Island, 6%; Virginia, 5%.

REGISTRATION AT THE CONVENTION

The registration cards disclosed that the following were in attendance at the Convention: Barrett Andrews, New York City; R. C. Aufderheide, Indianapolis, Indiana; Fred N. Acker, Cleveland, Ohio; Z. B. Applegate, Chicago, Illinois; W. E. Armstrong, Philadelphia Pa.; H. E. Arnett, Marion, Indiana; Mrs. H. E. Arnett, Marion, Ind.; Felix Auerbach, New York City; H. W. Barnard, Lansing, Michigan; Mrs. H. W. Barnard, Lansing, Mich.; Mr. and Mrs. E. B. Beale, Pontiac, Michigan; Mr. and Mrs. J. G. Bachofer, Reading, Pa.; Mr. and Mrs. G. J. Badger, Jersey City, N. J.; J. M. Babbitt, Indianapolis, Ind.; Ben Blumberg, Terre Haute, Ind.; Frank Bray, Detroit Mich.; G. F. Bricker, Saginaw, Mich.; H. H. Burrell, South Bend, Ind.; Mr. and Mrs. Vernon L. Buchman, Trenton N. J.; Ira Buckner, Flint, Michigan; Bennett Baldy, Everett, Washington; L. T. Baker, Chicago Ill.; James S. Baldwin, Decatur, Ill.; D. L. Barnes, St. Louis, Mo.; R. A. Bell, St. Louis, Mo.; J. J. Bentley Detroit, Mich.; F. E. Benz, Ann Arbor, Mich.; E. H. Biel, Philadelphia, Pa.; Burr Blackburn, Madison, Wis.; G. Blankin, Dayton Ohio; Mr. and Mrs. A. A. Brooks, Michigan City, Ind.; A. C. Broughman, Marion, Indiana; Mr. and Mrs. Norman Buckner, Pontiac Mich.; Seymour Buckner, Highland Park, Mich.; Peter J. Burr, Chicago, Ill; W. H. Boullt, Philadelphia Pa.; Mrs. W. H. Boullt, Philadelphia, Pa.; Rachael Crownover, Philadelphia, Pa.; C. L. Choate, Kalamazoo Mich.; Arnold Cross, Ft. Wayne, Ind.; A. B. Cadwallader, Grand Rapids, Mich.; Frederick Cooper, Muskegon Mich.; Roland R. Conklin, Washington, D. C.; Mr. and Mrs. Mortimer J. Connor, Waterbury, Conn.; Mr. and Mrs. F. J. Case, South Bend Ind.; Mr. and Mrs. Paul N. Casault, Grand Rapids, Mich.; Ralph Clench, Lansing, Mich.; B. C. Doe, Big Rapids, Mich.; Alan K. Dolliver New York City; J. C. Deremo, Grand Rapids, Mich.; Mr. and Mrs. Stephen M. Dinsmore, Grand Rapids, Mich.; Mr. and Mrs. C. R. Dudley, Detroit, Mich.; George B. Dinsmore, Grand Rapids, Mich.; G. J. Dirksen, Philadelphia, Pa.; Arthur R. Dana, Chicago Ill.; Vern Eldrige, Big Rapids, Mich.; Alfred S. Ezekiel, Philadelphia, Pa.; Mr. and Mrs. J. J. Foley, Jersey City, N. J.; George Filipetti, New York City; Mr. and Mrs. G. W. Farrington, Indianapolis, Ind.; David H. Finck, New York City; Harry D. Firth, Kalamazoo Mich.; Mr. and Mrs. G. H. Griswold, Detroit, Mich.; Chester Green, Richmond, Ind.; J. D. Griffin, Chicago Ill.; Louis Goldstein, Detroit, Mich.; C. L. Ganser, Hammond, Ind.; J. C. Graham, Toledo, Ohio; Mrs. J. C. Graham, Toledo, Ohio; Mr, a Mrs. Benj. Goldstein, Pontiac, Mich Mr. and Mrs. J. John Hilmert, Detro Mich.; J. J. Hanes, Lansing, Mich.; M and Mrs. H. S. Hesson, Muskeg Mich.; Mr. and Mrs. Fred B. H Columbus, Ohio; H. J. Hanes, Lansi Mich.; Leon Henderson, New Yo City; R. C. Hardisty, Indianapolis, In W. T. Hass, Warren, Ohio; Mrs. Hu Hayley, Memphis, Tenn.; M. C. Ho man, Lansing, Mich.; Mrs. M. Hopkins, Cleveland, Ohio; Albert Ho kins, Cleveland, Ohio; Mr. and Mrs. Huenkemeier, Philadelphia, Pa.; M and Mrs. Frank N. Harned, Jersey Ci N. J.; Mr. and Mrs. W. S. Herr Philadelphia, Pa.; A. V. Hart, Phi delphia Pa.; T. J. Harrison, Waterl Ia.; F. B. Hubachek, Minneapol Minn.; Ralph L. Hay, Highland Pa Mich; L. C. Harbison, Chicago, Il Allen S. Haines, Lancaster, Pa.; M C. H. Harris, Pittsburgh, Pa.; M Hawkins, Detroit, Mich.; B. E. Hend son, Chicago, Ill.; Mr. and Mrs. Elm Johnson, Indianapolis, Ind.; A. Keeney, South Bend, Ind.; Mr. and M E. R. Klein, Chicago, Ill.; T. M. Kat man, Indianapolis, Ind.; George Kehr, Harrisburg, Pa.; A. H. Kn Parkersburg, W. Va.; Miss Edna King, Youngstown, Ohio; Lawre Kelder, New York City; Mrs. Jam D. Lynch, Chicago, Ill.; W. T. Log Detroit, Mich.; Mr. and Mrs. Paul Lee, Philadelphia, Pa.; Ellis Levitt, D Moines Iowa; G. M. Lippert, Pit burgh, Pa.; Fred H. Lovegrove, Brid port, Conn.; David Lichtenstein, Louis, Mo.; L. J. Lloyd, Chicago, Il Orville W. Lee, Chicago, Ill.; Mr. a Mrs. James F. McGovern, Bay Ci Mich.; E. I. McCuen, Jackson, Mic Thomas E. McDermott, Philadelph Pa.; A. M. Arthur, Huntington, W. V C. McCurdy, Chicago, Ill.; Will McCullough Indianapolis, Ind.; Mr. a Mrs. C. A. Miller, Dayton, Ohio; A. Montgomery, Jersey City, N. J.; M. Merritt, Indianapolis, Ind.; V. D. Mo Philadelphia, Pa.; Mr. and Mrs. B. Miller, Columbus, Ohio; Virgil Moore, New York City; Dr. C. Mueller, Philadelphia, Pa.; W. I. Mar Chicago, Ill; Mr. and Mrs. Bert Mill Benton Harbor, Mich.; Rolf Nuge New York City; Frank Norton, Gra Rapids, Mich.; Mr. and Mrs. Osc Nelson East Orange, N. J.; Mr. a Mrs. W. B. Nichols, Clinton, Ind; M and Mrs. Martin W. Newman, Bost Mass.; M. W. Noble, Battle Cre Mich.; Mr. and Mrs. L. K. Osbor Columbus, Ohio; H. F. Pardieck, Ric mond, Ind.; Harry Palmer, St. Lou Mo.; C. W. Perryman, Philadelph Pa.; Mr. and Mrs. F. W. Ryan, Jers City, N. J.; Ray Reynolds, Indianapol Ind.; D. H. Rose, Chicago, Ill.; Llo W. Richardson, Detroit, Mich.; Char R. Napier, Chicago, Ill.; George Rich, Pawtucket, R. I.; R. M. Ruth ford, Louisville, Ky.; Mrs. R. Rutherford, Louisville, Ky.; H. Reilly, Kansas City, Mo.; John Ric ards, Knoxville, Tenn.; P. M. Shon Detroit, Mich.; W. J. Scheib, Detr Mich.; H. C. Stowe, Grand Rapi Mich.; Mr. and Mrs. F. J. Schurm Indianapolis, Ind.; M. G. Stokes, India apolis, Ind.; Mr. and Mrs. F. Schneider, Cleveland, Ohio; Mr. a Mrs. J. H. Sanderson, Chicago, Il Fred B. Snite, Chicago, Ill.; Fra Schultz, Jersey City, N. J.; Mr. a

Mrs. C. H. Stratton, Sullivan, Indiana; . J. Spencer, Jr., Marion, Ind.; Mr. nd Mrs. A. P. Snite, Chicago, Ill.; F. . Stroup, Grand Rapids, Mich.; Irving troup, Grand Rapids, Mich.; Mr. and Mrs. John B. Skinner, Chicago, Ill.; ichard Stockton, Jr., New York City; Ir. and Mrs. W. G. Stevens, Detroit, lich.; William Steiner, St. Louis, Mo.; . J. Sals, Chicago, Ill.; Mr. and Mrs. V. T. Smithdeal, Richmond, Va.; Miss I. G. Seymour, Chicago, Ill.; R. L. tratford, Cleveland, Ohio; A. C. Schaf-er, Cleveland, Ohio; Mr. and Mrs. R. horpe, Flint, Mich.; A. J. Turner, etroit, Mich.; E. C. Todd, Ann Arbor, lich.; W. R. Taylor, Chicago, Ill.; H. . Terrell, Minneapolis, Minn.; Miss lara Trost, Zanesville, Ohio; F. L. hompson, Shelbyville, Ind.; Andrew H. ogel, Lancaster, Pa.; C. C. Woodley, oledo, Ohio; Mr. and Mrs. Taylor R. ardin, Philadelphia, Pa.; Mrs. Edward . Watts, Detroit, Mich.; Mr. and Mrs. . M. Wilson, Milwaukee, Wis.; Mr. nd Mrs. Harold R. Williams, Flint, lich.; M. E. Way, Madison, Wis.; alter C. Wylie, Sault Ste. Marie, lich.; Irvin Wesley, Chicago, Ill.; H. . White, Wheeling, W. Va.; Sidney . Wertheimer, Cleveland, Ohio; T. B. ard, Jr., Chicago, Ill.; S. Weithorn, uffalo N. Y.; Mr. and Mrs. J. H. asserburger, Omaha, Neb.; Mr. and rs. F. S. Williams, Chicago, Ill.; Mr. nd Mrs. A. C. Wanamaker, Toledo, hio; Daniel J. Wholey, Lowell, Mass.; r. and Mrs. W. P. Woll, Chicago, Ill.; . C. White, Chicago, Ill.; A. D. Wil-ams, Chicago, Ill.; Frank S. Whaler, rand Rapids, Mich.; John D. Williams, hiladelphia, Pa.; E. L. Wolfe, Battle reek Mich.; Charles H. Watts, New ork City; John H. Zeitler, Columbus, hio; H. C. Zimmerman, Chicago, Ill.; r. and Mrs. W. A. Zumpfe, Indian-olis, Ind.; Mr. and Mrs. William oung, Philadelphia, Pa.

1928 YEARBOOK

No attempt was made in the foregoing count of the fourteenth annual na-nal convention of the A. I. L. A. to ve the complete proceedings of this portant event because according to ex-rience it has been found more ad-ntageous to publish a Yearbook later ere more space and more time in ich to correct and polish the volumi-us manuscript is available. We have ned only to give a bird's eye view of at happened this year in Grand Rapids lieving it will suffice until we can get e Yearbook out. The probable date of blicatcn of the 1928 Yearbook will be December.

A. I. L. A. AT HOT SPRINGS

The American Industrial Lenders As-ciation will be represented at the an-al conference of the officers, national uncillors and other representatives of ember organizations to be held by the amber of Commerce of the U. S. A. Hot Springs Ark., October 5th to 9th. Questions of much importance to Amer-n business, especially as they relate trade associations, will be discussed. ir representatives will include Presi-nt G. J. Badger of Jersey City, N. J.; ckson R. Collins, Esq., New York City; d Charles R. Napier, Esq., Chicago, unsel of the Vigilance Committee.

COMMUNICATIONS

SPRINGFIELD, O., September 27, 1928.

DEAR MR. KEHR:

I believe I correctly state the situation with respect to all State secretaries when I say that the number of skips received for attention is on the increase.

I further believe that all State secretaries will second the motion when I ask you to request that all senders of skips be good enough to make a duplicate of the letter which they write to the secretary in the first instance, which is generally a long drawn-out affair, to the end that the secretary may use that duplicate when he sends the skip card to the licensee member for attention. Thus the secretary's office is relieved of making a copy of the letter and has the benefit of the original for his file.

Very truly yours,
J. FRED ANDERSON,
Secretary.

All members pleas note and comply with Mr. Anderson's suggestion in the future when sending skip accounts through State Association secretaries' offices.—*G. W. K.*

ST. LOUIS, MO., Sept. 27, 1928.

Am. Industrial Lenders Association,
Harrisburg, Pa.

GENTLEMEN:

We are herewith enclosing our check for $50.00, dues for the year.

I attended the convention at Grand Rapids and was greatly surprised at the wonderful work that the A. I. L. A. is doing. We are having a meeting the second Tuesday of next month and I surely will bring up this matter and see if we cannot bring more of our St. Louis loan companies to join the association.

With best wishes for the future, I am,
Respectfully,
WM. STEINER.

INDIANAPOLIS, IND., September 21, 1928.

DEAR MR. KEHR:

It is impossible for me to express in words just how much I appreciated the telegram and the flowers sent me during the convention at Grand Rapids.

However, I can tell you just how much I missed being present. This is the first convention in nine years that I have missed.

The good fellowship and companionship which I have always enjoyed at the conventions is my loss. The ideas and inspirations which have always been a benefit to me by attending is another loss to me, and I hope that it will not be necessary for me to miss another national convention soon.

With my kindest personal regards, I am
Yours very truly,
R. F. HARTZ.

HARRISBURG, PA., September 27, 1928.

DEAR MR. HARTZ:

It certainly is fine to know that you received the telegram and flowers sent to you from Grand Rapids, Michigan, last week in response to action taken by the convention.

A number of pioneers who have been active in advancing our state and national organization were absent at our last convention but none I am sure were missed more than you. "Cuppy" Stratton referred to your work in the Indiana and American Associations in eloquent terms and the response to his suggestion was spontaneous and unanimous.

I am sure it is the wish of all the members of the A. I. L. A. that you take care of your health so that we may again see you at our next national convention.

With best wishes, I remain
Very truly yours,
GEO. W. KEHR,
Secretary.

OBSERVING THESE RULES WILL HELP A WORKING DAY

Never show your temper.
Indulge in no sarcasms.
Permit other people to have views.
Never contradict an irritated person.

Keep unpleasant opinions to yourself.
Be considerate of the rights and feelings of others.
Always use pleasant words.
Take time to be polite.
Never order people about.

Be gracious and accommodating.
Always grant a reasonable favor.
Don't try to fool your caller; he may be a smart man.

and make sure your way is best before insisting upon it

FOUNDER OF LOAN SERVICE IS DEAD

Will R. Hancock, Pioneer in Lending Field, Ill Nearly Year

Will R. Hancock, founder and president of the Model Loan Service, Inc., died at his home, 3905 Washington Boulevard, Indianapolis, after an illness of nearly a year. He was 61 years old.

A pioneer in the industrial lending world, Mr. Hancock was forced to retire from active participation in business a year ago because of ill health, but he retained the presidency of the Model Loan Service, an incorporation he founded in 1914.

Born in Toledo, Kansas, November 14, 1866, the son of Charles Albert Hancock and Eliza Lillian (Moffit) Hancock, Mr. Hancock after being graduated from the public schools began his career by teaching in order that he might attend business college. Later he went to Arkansas where he worked for a wholesale lumber company. After several years, however, he opened his first loan office.

CAME HERE IN 1892

Mr. Hancock came to Indianapolis in 1892 and, for several years, was manager of the Security Mortgage and Loan Company, a branch of the F. J. Mackey system of loan agencies. He was identified with them until he opened his own firm.

In 1895 Mr. Hancock married Miss Elsie Fort of Indianapolis. She died three years ago and last January he married Mrs. Minnie Hale.

Mr. Hancock was a charter member of the Indiana and American Industrial Lenders' Associations and various Masonic bodies, the Kiawanis Club, Chamber of Commerce, Columbia Club and the Avalon Country Club. He was a member of the Tabernacle Presbyterian church.

Besides the widow, he is survived by

two sons, Dr. Robert W. Hancock, of Elyria, Ohio, and Paul A. Hancock, of Indianapolis, and a daughter, Miss Elsie Caroline Hancock, of Indianapolis.

1928 NATIONAL CONVENTION SONG

WE'RE HERE

(Tune—"Auld Lang Syne")

We're here for fun right from the start,
Pray drop your dignity.
Just laugh and sing with all your heart
And show your loyalty.
May other meetings be forgot,
Let this one be the best.
Join in the songs we sing just now
Be happy with the rest.

We are a bunch that's hard to beat
And we never, never fail.
We rank in front, not in the rear,
We're not the old cow's tail,
Both Herb and Al are worrying,
And we should worry, NOT!
Let every grouch go scurrying,
Let's show them something hot.

SECRETARY WILL RETIRE

George W. Kehr, Harrisburg, Pa., honored with the first election to the office of National Chairman when the American Association of Small Loan Brokers but for some years known as the American Industrial Lenders Association was organized in Philadelphia, April 19, 1916, will retire as secretary at the conclusion of the present association fiscal year. Mr. Kehr retired from the National Chairmanship in favor of Dr. Chas. G. Mueller, and took over the office of secretary to which Dr. Mueller was originally elected in November 1916, to allow Dr. Mueller more time to establish offices for the Beneficial Loan Society.

Each year since that time he has been favored with a reëlection without opposition.

This announcement is made at this time in order that his successor may be found and groomed to carry on the association work for which he has been responsible when he lays it down for good at the next national convention in Philadelphia in September 1929.

LOCAL EXCHANGE

PITTSBURGH, Pa., September 15, 1928.

The regular monthly meeting of the Pittsburgh Industrial Lenders Exchange was held on Saturday afternoon, September 15th at Schwartzwalder Gardens, Anderson Road, Milvale, Pa. The entertainment committee provided a corn roast for the members and their employees, and the attendance numbered about one hundred. Our chairman, Mr. Loupe, called the meeting to order at six p. m., and after having been assured by all that the members had enjoyed themselves to a full extent, he requested that a rising vote of thanks be tendered to Mr. Hartman Mr. Northart and Mr. Smith, the entertainment committee who provided this wonderful get-together outing for the members.

The treasurer's report indicated that after all bills were paid there was a small balance in the treasury.

Upon motion made by Mr. Marxsen and seconded by Mr. Kerr, the report of the treasurer was accepted and ordered spread on the minutes. The secretary reports twenty-four members and the applications of two new members to be voted on at this meeting.

Upon request of the chairman, the reports of the different committees were carried over until the next meeting.

NEW BUSINESS

Chairman Loupe addressing the members advised them that the applications of the following companies were in the hands of the secretary and requested the members to vote on same.

No. 26 Community Finance Service Corp., Inc., 223 5th Ave., Room No. 206, McKeesport, Pa., G. R. Renner, Mgr., McKeesport 5737.

No. 27 Wilkinsburg Finance Co., Caldwell & Graham Bldg., Wilkinsburg, Pa., A. R. Braun, Mgr., Franklin 1139.

Upon motion made by Mr. Marxsen and seconded by Mr. Hartman, the above applications were approved and upon a vote taken by the secretary they were unanimously elected to membership.

Chairman Loupe advised the members at this time that owing to the fact that additional help had been secured at the Exchange office, he considered it advisable to rescind the ruling to limit the time in calling the Exchange, and upon a motion made by Mr. Marxsen and seconded by Mr. Smith, the motion was passed to allow the members to call the Exchange office on both new and recheck applications at all times.

The discussion between Mr. Marxsen and Mr. Hipp in reference to the size of advertising in the Pittsburgh papers was participated in by most of the members, however, on request of the chairman, this matter was ordered held over until our next meeting.

Chairman Loupe having addressed the members on the wonderful turn out and again thanked the entertainment committee, a motion was made by Mr. Hartman and seconded by Mr. Fisher to adjourn.

A. H. THALE, *Secretary.*

A. I. L. A. LITERATURE AUTHORITATIVE

The literature distributed by the A. I. L. A. to public libraries throughout the country is evidently being read and not as the secretary has had numerous requests during the past month from public schools of the State of Washington requesting copies of the INDUSTRIAL LENDERS NEWS for December, 1926 in which Edward Eteimle's argument on the negative side of a debate on the subject "Is Installment Selling Being Overdone?" is published.

Roy Hartz's splendid paper read at the twelfth annual national convention held in Cleveland, Sept., 1926 on the subject "The Effect of Installment Purchases on the Industrial Loan Business" is also being sought.

VIGILANCE COMMITTEE

Mr. L. C. Harbison of Chicago, elected to the chairmanship of the Vigilance Committee for the year 1928-1929, has appointed the following members to serve on his committee: Messrs. A. H. Williams Chicago; J. H. Aufderheide, Indianapolis; C. H. Watts, New York City; W. A. Zumpfe, Indianapolis; and C. G. Mueller, Philadelphia.

"Borrowers Protection" Brings a Profitable Dovetail to Industrial Lending

AN ASSURANCE OF

"Protect your notes"

A modern service to, and designed especially for, Lenders and their Loan Customers.
New protection to the Lender, the Borrower's dependents and—if you use them—Co-makers.
Substantial increase in Loan Office earning-power.
Greater security, more valuable paper.

ALL THESE WITHOUT

Direct or indirect cost to the Lending Institution or high cost to Borrowers.
Red tape or appreciable addition to Loan Office detail.
Making insurance solicitors of your loan Officers.
Detriment to the privacy of the Lender's clientele.

Borrowers Protection Insurance is now being used as a simple and immediate protection by Commercial and Industrial Banks and Lenders throughout the United States with satisfaction. We offer an immediate installation to Industrial Lenders of our special plan. Write for the information telling us in confidence the minimum term of your loans and the maximum. This so that we may know your special needs.

Borrowers Protection Department

BANKERS NATIONAL LIFE INSURANCE COMPANY
Journal Square Jersey City, New Jersey

A FAITHFUL OFFICIAL

Mayor Broening is home. That he wanted was clearly demonstrated by many friends. But when one speaks friends he is reminded of Goldsmith said:

"And what is friendship but a name,
A charm that lulls to sleep.
A shade that follows wealth or fame,
And leaves the wretch to weep."

is that not the case with many of e termed friends and even, at some-, dear friends? But the mayor has e proven ones that have been tried, ted, and not found wanting.

mong them he has found a confidant he man who acted as mayor while oured Europe. He can well afford hank Howard Bryant for his loyal faithful service given to the citizens Baltimore during his absence. Is is , on the other hand, that when Mayor ening left his office Mr. Bryant, with strings, acted in the capacity of the s chief executive. In fact these two lemen trusted one another, which is om done even in one's immediate po-al domain these days.

owever, Mr. Broening went away and Bryant stayed at home. During the or's absence there were many ques-s of importance that arose. Did the ng mayor dodge his seigniorage? He not. He instead remained on the and with the best of his ability went at with each problem as it presented f.

Was there anything that occurred dur-the three months that Mr. Broening absent from his official duties that ld cause his embarrassment? There not. The truth of the whole matter hat Baltimore had a real mayor in ard Bryant, one who attended to the and carried out the policies of the inistration as they would have been had Mr. Broening been on the job. refused to play politics with impor-matters affecting the administration's s, and he may have made some en-s in his own party by doing so, but rdless he conducted the affairs of the with honor and ability unafraid to a stand.

ayor Broening owes much to his d, the vice-mayor, and *The Mary-er* believes that the public appreciates mode in which his part-time succes-acted.

uring the several years Howard Bry-has been part of the city government, has on numerous occasions acted as or, and not at anytime could anyone fault with his official duties. He is of the most sincerely honest public ials that Baltimore has seen in many s. He refuses to be compensated this extra work and by this reason e he has saved the taxpayers a con-rable sum.

e left this week for a short vacation e spent on the Eastern Shore, from re he hails originally, and where he a large contingent of friends who ect the honorable position he has ob-ed in life. It is a well-deserved rest, it is with pride that the writer says, ll done, Mayor Bryant."—*The Mary-er*, 9-8-28.

oward Bryant will be remembered he eminent counsel of the Maryland istrial Lenders Association and as a ker at several national lenders' con-ions.—*G. W. K.*

USURY AND USURY LAWS

By

FRANKLIN W. RYAN, Ph.D.

MAJOR GENERAL KENZIE W. WALKER
Chief of Finance, U. S. Army
(July, 1922-April, 1928)
says:

Mr. Ryan's book *Usury and Usury Laws* is a constructive and timely study which points the way to legislation that will protect where protection is needed without doing economic harm.

QUESTIONS ABOUT USURY AND LOAN SHARKS ANSWERED IN THIS BOOK

How Loan Sharks originated, pp. 127-128
How they can be eliminated, Chapter 15
What states have got rid of them, p. 230
Why usury laws have failed, p. 77, p. 129
Why usury laws remain in 43 states, p. 79
Why farmers want usury laws, Chapter 12
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American Industrial Lenders Association

P. O. Box 778, Harrisburg, Pa.

"THE $100,000 BOOK"

NEW JERSEY

The quarterly meeting of the New Jersey Industrial Lenders Association was held at the Hotel Chalfonte, Atlantic City, N. J., September 6, 1928.

The meeting was called to order by Chairman Montgomery and the following members answered to the roll call:

American Equity Corp.

American Loan Company, Camden, Newark.

Atlas Loan Society, Atlantic City, Camden.

Consolidated Plan of N. J. Newark, Paterson, New Brunswick.

Beneficial Loan Society, Camden, Elizabeth, Jersey City, Newark, Orange, Paterson, Trenton, Union City, Plainfield.

Community Finance Service, Elizabeth, Jersey City, Atlantic City, Camden, Newark, Trenton.

Continental Finance Corp., Jersey City, Englewood.

Household Finance Corp., Newark (2), Jersey City.

N. J. Cash Credit Corp., Asbury Park (2), Camden, Elizabeth, East Orange (2), Hackensack, Newark, Jersey City (2), Trenton, Union City, Rutherford, Bayonne, Englewood.

Van Horn Agency, Trenton, New Brunswick.

Conservative Credit System, Newark, Orange.

National Finance Service.

Martin S. Kissel.

Personal Finance Corp., East Orange, Bloomfield, Passaic, Perth Amboy.

Somerset Loan Co.

Reports of Officers

Chairman Montgomery, in his regular report to the Association, requested the members who had in the past been reticent about expressing their views on the floor of the Association, in the future to join in discussions and express their opinions freely.

The Secretary reported the present membership of the Association as 140, consisting of 125 members dues paid to date, 10 members delinquent for 6 months, 2 members delinquent for 1 year and 3 members delinquent for more than 1 year.

It was regularly moved, seconded and unanimously carried that the members delinquent for more than 6 months be called upon by members appointed by the Chairman for the purpose of collecting their delinquent dues.

The Treasurer's Report was read and approved.

It was regularly moved, seconded and unanimously carried that the Report of the Chairman of the Executive Committee be received and filed.

Reports of Standing Committees

The Chairman of Publicity gave a comprehensive report of the press notices received since the last meeting, a complete copy of which is made a part of these Minutes.

Upon motion duly made, seconded and unanimously carried a standing vote of thanks was given the Chairman of the Publicity Committee.

Chairman of the Membership Committee gave a comprehensive report of his activities and plans for the future, a complete copy of which is made a part of these Minutes.

Reports of Special Committees

The Chairman of the committee appointed for the purpose of amending the Constitution and By-Laws submitted a final draft which was unanimously adopted by the members present after motion duly made and seconded.

Upon motion duly made and seconded, the Secretary was authorized to order 1,000 copies of the new Code of Ethics, Constitution and By-Laws and the Treasurer was authorized to pay for same.

Election of Members

Upon motion duly made, seconded and unanimously carried the following companies were elected to membership:

Constructive Credit Service of N. J., Inc., 671 Broad St., Newark, New Jersey.

North Jersey Personal Loan Company, 210 Main Street, Hackensack, New Jersey.

The Guardian Plan, 142 Market St., Newark, N. J.

Conservative Credit System of N. J., Inc., 686 Main Avenue, Passaic, New Jersey.

Employees Loan Assn. of Newark, Military Park Building, Newark, New Jersey.

Consolidated Plan of N. J., Inc., 117-119 Smith Street, Perth Amboy, New Jersey.

Popular Finance Corporation, 30 Journal Square, Jersey City, New Jersey.

Guarantee Loan Company, 605 Broad St., Newark, N. J.

Guarantee Loan Company, No. 5 S. Laurel Street, Bridgeton, New Jersey.

Guarantee Loan Company, 1195 Haddon Avenue, Camden, New Jersey.

New Business

After the Secretary had read the Report of the last meeting of the Executive Committee, the following motion duly made, seconded and unanimo carried:

Resolved, That it is unanimo agreed by the members of the Jersey Industrial Lenders Associa in session in Atlantic City, that for the good of the business as a w and equally so for each member o New Jersey Industiral Lenders A ciation, that in using reference to rate of interest the word "lawful used in place of "legal," or similar phrases, henceforth.

Chairman Montgomery advised the sociation that he personally would municate with the Chairman of Vigilance Committee for the purpos suppressing, if possible, certain s ments at present being made in broadcasting by lenders who are members of the Association.

Upon motion duly made, seconded unanimously carried Chairman M gomery was selected as the Associat delegate to the Convention of the Ar can Industrial Lenders Association t held in Grand Rapids on the 19th, and 21st of September, 1928.

Upon motion duly made, seconded unanimously carried the Treasurer instructed to order the issuance of a in the amount of $3,000 covering custodian of the Association funds bond to remain in the hands of the S tary.

Upon motion duly made, seconded unanimously carried the Association propriated $50 for the Legislative Service.

It was regularly moved, seconded unanimously carried that the Annual quet of the Association in Decembe held at the Elks Club in Newark.

Upon motion duly made, seconded unanimously carried the meeting journed.

Walter S. Buswell
Secretary.

Anywhere, Any Time, Any Place—

This is the area covered by our col lection service. Simply send us the papers of your "skip" accounts locate in any section of the country. We ge results. We will give you prompt serv ice and send you periodic reports. I we cannot collect no charge will be made.

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Court Square Building, 2 Lafayette Street, New York City.

ANK R. HUBACHEK RESIGNS

ne of our most beloved officials since early days of our organization in the chairman of our National Law mittee, Frank R. Hubachek, Min-olis, Minn., has resigned the office hich he was elected at the National ention held in Grand Rapids, Mich., month and his capable son, F. B. achek, has been elected by the ex-ve committee to succeed him.

is letter addressed to the secretary follows:

neapolis, Minn., September 24, 1928.

ar Mr. Kehr:

I am advised that last week at Grand pids I was elected Chairman of the w Committee. I am grateful for is honor that has been successively nferred on me for many years, but I am now situated I cannot accept e office, and if, by reason of such ection, I already hold the office, I reby resign it.

The reasons for my action are these: I have reached the point where I ust divest myself of responsibility and ork; while as a general thing there little work connected with the posi-on, it has at times required much ork and such occasions may recur. they do, I may want to help out, t I do not want to be bound to do

I expect to leave here on October th and be gone for eight or nine onths; during that time I want to absoultely free.

Last, but not least, I have held this sition since the Law Committee was eated; that was shortly after the organization of the Association, about 13 years ago, and it is high time that a younger and abler man have the honor.

Under Article VII of the Constitution the Executive Committee has power to fill the vacancy.

Will you kindly take such action as you may be advised to that end.

Respectfully,

FRANK R. HUBACHEK.

All, whose privilege it is to know Mr. Hubachek and something of the valuable contribution he has made toward the perfection of a practical small loan law that is recognized as the best solution to the loan shark problem to date and has stood the test of the highest courts, will regret his withdrawal from the activities and responsibilities which go with the chairmanship of such an important committee, but none will deny him all the health and happiness that can be crowded into his remaining years. Long life to our venerable counsel and friend and more power to his efficient son who takes up his work.

"CUPPY" STRATTON AGAIN HOST

During the national convention held in Grand Rapids, Mich., last month, C. H. Stratton, Sullivan, Indiana, one of our most esteemed past presidents gathered the "Has Beens" that were there together and invited them to be his guests at the luncheon meeting given by the Grand Rapids Rotary Club. The guests who enjoyed the luncheon and were introduced by "Cuppy" were George Kehr, "Doc." Mueller, Bob Rutherford, Bill Young and Frank Thompson.

Conspicuous absentees were Judge Dyer, George Wood, John Aufderheide and Edgar East.

Besides enjoying good food and conversation, the guests had the pleasure of hearing Edward James Cattell, Philadelphia, make one of his inimitable addresses. In retaliation for his having lunched the "Has Beens" at Cleveland, Indianapolis and Grand Rapids, the eastern members have decided to feed 'Cuppy" all the time he and his charming wife spend at the 1929 convention in Philadelphia.

BEWARE OF SPIDERS

We believe everyone who receives the INDUSTRIAL LENDERS NEWS monthly read the reprinted advertisement of the Metropolitan Life Insurance Company of New York in our September issue and were impressed with the fact that if read intelligently by the great American public in the many magazines in which it was published, our business got a good boost in this advertisement signed by Haley Fiske, president, where it said, "If you must borrow, make sure the lender is licensed and supervised by the state." Accordingly, one of our members has suggested that the A. I. L. A. get out a two page circular using this advertisement on one side and the other side for advertising the sale of securities and for the purpose of securing new business at our offices. If the idea meets with the approval of members who may read this item and all matters pertaining to it can be adjusted, it is possible that the work will be done. If interested, direct your replies to G. W. Kehr, Secretary, Box 778, Harrisburg, Pa.

DSON GROUP HOLDS AN-UAL OUTING AT INDIAN POINT, NEW YORK

he Fifth Annual Outing of the Hod-Group consisting of the headquarters onnel of the Beneficial Operating eau Inc., Clarence Hodson & Com-y, Collateral Bankers Inc., Frederick ther & Company, of New York City; kers National Life Insurance Com-y of Jersey City, New Jersey; and erican Loan Company and Beneficial n Society of Wilmington, Delaware, held at Indian Point on the Hudson, v York City, on Friday September 1928.

ver three hundred twenty-five asso-es left New York City early Friday ning on a specially chartered steamer he Hudson Bay Line, the Chauncey Depew, and sailed up the Hudson er to Indian Point, reaching there at noon. The day was a beautiful and afforded a delightful sail.

Luncheon was served on the boat. Upon landing a group picture was taken. This was followed by the annual baseball game between Beneficial Operating Bureau Inc. and Clarence Hodson & Company. The former triumphed in an exciting battle at a score of 4 to 3, thus becoming the permanent owner of the Presidents' trophy given to the company which had won the annual outing game three years in succession. This was followed by a series of dashes between contestants of the various companies of which all were won by Beneficial Operating Bureau Inc., with the exception of the Inter-Company relay race in which Clarence Hodson & Company triumphed winning the Hon. Richard H. Lee cup. Following the races the party split up, many going in swimming, while others played tennis, danced and explored the beautiful grounds. Later on in the afternoon the men's Tug-O-War between Beneficial Operating Bureau Inc. and Clarence Hodson & Company was held on the beach. This was won by the Beneficial Operating Bureau Inc. the award being a cup offered by President Reichart of Clarence Hodson & Company. The ladies' Tug-O-War between the same companies was also won by the Beneficial Operating Bureau Inc. the award being the J. Budd Smith Cup. As the day drew to a close the associates went to the Casino to dance and shortly after gathered on the pier where a sumptious seven-course dinner was served. All then boarded the boat which left the pier about 8 P. M. and sailed up the river to the beautiful Bear Mountain Bridge where a splendid moonlight view was afforded all aboard. On the three-hour trip back to the city, dancing, company singing and Hodson talent entertained the Group. The music was furnished by the famous Kentuckians.

At 11 o'clock a tired but happy Group landed at 42d Street and voted the day a huge success.

A $1000.00 Newspaper Advertising Service for only $30.00

AN ENTIRE year's service, covering every reasonable and seasonable suggestion for borrowing money. Produced after six years of constant contact with some of the most successful chain organizations and individual office operators. Built along the modern trend of thought in the Industrial Loan business. Attractively illustrated, with distinctive arrangement of borders, type matter, etc. Copy can be changed to meet your individual conditions, terms, etc.

64 Complete Newspaper Advertisements — Art — Copy — Mats

This new and modern service will enable you to dress up your newspaper advertising—make it more distinctive and more productive—at a ridiculously small cost—less than fifty cents per advertisement. Some of the individual advertisements cost more to produce than we are charging for the entire service. This service will be sold to only one Industrial Lender in each city. Proof sheets and complete information will be sent without obligation. We suggest that you write us today, ordering (subject to your approval) the exclusive use of this service for your city.

Write Now for Exclusive Use in Your City

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MURPHY BUILDING — INDIANAPOLIS

Advertising Circulars, Office Forms, Motograph Signs, Meilicke Calculators and Time Finders.
A Complete Service for the Industrial Lender.

NEW MEMBERS

We are pleased to announce the follow- new members of the A. I. L. A.:

Kentucky Cash Credit Corp., 601 New- rt Finance Bldg., Newport, Ky.

Georgia Cash Credit Corp., 208 Palmer dg., Atlanta, Ga.

Illinois Cash Credit Corp., 506 Peoples ate Bank Bldg., Waukegan, Ill.

Illinois Cash Credit Corp., 308 Profes- nal Bldg., Elgin, Ill.

Legal Loan Co., 88 Fox St., Aurora,

Credit Service, Inc., Globe Theater dg., Philadelphia, Pa.

Citizens Loan & Investment Co., 4 E. nird St., Williamsport, Pa.

Credit Service, Inc., of Reading, 547 urt St., Reading, Pa.

St. Clair Loan Co., 47 First National ank Bldg., Belleville, Ill.

Personal Finance Co., 304 Guaranty d Trust Bldg., Alexandria, La.

Family Loan Co., 131 W. Lafayette ve., Detroit, Mich.

Raphael Jordan, 80 Market St., Pater- n, N. J.

The Phœnix Plan, 137 E. State St., renton, N. J.

Progressive Finance Corp., 3207 N. shland Ave., Chicago, Ill.

THANK YOU, MISSOURI

The A. I. L. A. appreciates the interest ken by the leading members of the Mis- uri Industrial Lenders Association in creasing its membership in the "Show Me" state. Evidence of this interest was anifested by the resolution proposed by avid Lichtenstein at the meeting of the I. I. L. A. held in Kansas City, Mis- uri, September 13th, at which time the llowing resolution was unanimously dopted:

Resolved, That we urgently recom- end to our members that each one be- me an active member of the American dustrial Lenders Association to further emonstrate that we approve of its work nd activities.

AUSTRALIA

Judging from the correspondence the ecretary has had with MacIntosh Ellis, ydney, Australia, it must be evident that is country is in need of small loan legis- tion similar to that enjoyed by most of ie United States.

Our first inquiry came from Mr. Ellis rom Honolulu while en route to Aus- alia. His inquiry brought him informa- on about the subject and especially the terature that is now available in this ountry on the subject. During the pres- nt month an order was received for prac- cally all of our literature, which was ent in the hope that it may be the means f establishing the small loan business in ustralia on an equitable basis.

LAST CALL

If your dues for membership in the A. I. L. A. still remain unpaid and you would like the name of your company to appear in the directory of members in good standing published annually in the Yearbook now in the process of making, it will be necessary for you to act imme-

Make money on Meilicke

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The Meilicke Time-and-Interest Calculator

By referring to the cards on the right for the current date, you can read directly the expired time to any date within a year. By referring to the cards on the left you can read direct interest on any amount for that time.

THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. They use them the same as they do the clock on the wall. For with either of them you can tell at a glance exactly how much interest is due on any ordinary loan you've made, without bothering to figure it out.

These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us*. *Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

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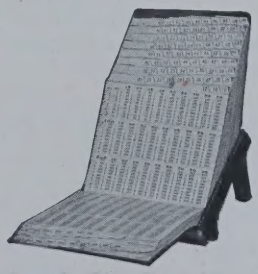
Turn down the card showing the expiration of days, and read direct the interest on any amount at your rate. Every answer is PROVED correct. Approved by all state examiners.



* Scratch out the one you don't want.

Meilicke Systems, Inc.
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Please send us a Meilicke { Interest / Time and Interest Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retain the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

Firm .....

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Meilicke

Time Saving Devices

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Attention of .....

diately. If your receipt file lacks a receipt for dues paid to February 1, 1929 in the A. I. L. A., you are probably among the delinquent members for whose benefit this last notice is written. Please coöperate.

Dues paid up to November 1st will be included in the directory.

MEETING SCHEDULE

MARYLAND—Baltimore, October 9.

VIRGINIA—Roanoke, October 11.

LOUISIANA—New Orleans, October 16.

MASSACHUSETTS — Boston, October 17.

CONNECTICUT—New Haven, October 17.

RHODE ISLAND—Providence, October 18.

MICHIGAN—Detroit, October 18.

ILLINOIS—Chicago, October 25.

GEORGIA—Macon, October 26.

WEST VIRGINIA—Charleston, November 9.

MARYLAND—Baltimore, November 13.

INDIANA—Shelbyville, November 14.

PENNSYLVANIA—Philadelphia November 14.

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INDUSTRIAL LENDERS NEWS

Harrisburg, Pa.

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Are you gathering as big a money harvest as you should?

Have you in the past six months added anything to your abilities to warrant more money? Have you in any way saved your firm money or developed a way to make more?

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Gentlemen: Please send me without obligation, information about your correspondence course in successful loan office management.

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Go After Tomorrow's Business Today

You have the best months of the year ahead of you. What plans have you formulated to make the most of them?

You can either coast along, easily satisfied with your business or you can actively and energetically endeavor to show a large and substantial net increase each month.

If you are one of the coasting variety, our INDUSTRIAL LENDERS ADVERTISING SERVICE won't appeal to you, for you will have to be upon your toes to keep pace with the business it produces.

Write for sample and detailed information. Ask to see our new folders.

A. H. Winter

N. A. WINTER

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XIII, No. 5. NOVEMBER, 1928. Price, $1.00 a year; Single copies, 10 cents.

NOV 2 1928
UNIVERSITY OF ILLINOIS

Industrial Banking—Its Contribution to Modern Business

An Analysis by HUGH F. REILLY, *President Bankers Capital Corporation,* Kansas City, Missouri

There is no subject of greater importance today, yet less understood, than that of Industrial Banking. It concerns not only the economic lives of the masses of people, but also the general business conditions. The public comes in contact with it every day in another form—consumers credit, yet it is greatly misunderstood or not understood at all.

There are certain economic principles that have been developed and proved by which all matters pertaining to human wants and needs must be measured. Industrial Banking has been measured by these principles and found satisfactory. The object of this article is to briefly cover the measurement of Industrial Banking according to the proven principles of economics for the benefit of those who are interested.

A study of this subject, is one of money, credit and banking. This necessarily leads us through the historical development in those fields. It takes us into the subject of interest, which has been the battling ground for ages. It takes us into the problems of usury, which apparently have never been solved.

Modern business men, bankers, and economists have for years urged the removal of the old usury laws thrust upon us by the ancient laws of England, because of the mischievous havoc they play, but our legislators have steadfastly refused, until a better way was shown them, to protect the necessitous borrower.

The business of Industrial Banking takes its root in the field of the consumer. It has done and can do a great deal in furnishing the legislators with a more effective weapon against usury.

Many interesting facts were found in this study, but this analysis touches only those of greatest importance.

If this article has helped to bring about a better understanding of the vital subject, it will have accomplished its purpose.

Historical Economic Facts

Economics as originally used by the Greeks, meant the art of household management, or the principles that govern wise management.

The family which makes up a household is the individual unit of society, therefore the matter of wise management concerns its problems of receipts and expenditures.

The first treatise on this subject described the simple agriculture household where there was no separation of business and home. In modern times, particularly in industrial life, the business or source of income is sharply separated from the home where the income is utilized. In fact those two branches of economic life are so sharply separated as to seem unrelated. This forcibly calls our attention to how far we have departed from the simple conditions of the self-serving rural household.

The subject of economics deals with the satisfaction of human wants. In the simple agricultural household the human wants were few and were satisfied entirely by its own labor. With civilization, human wants increased and there came a division of labor. The family that had raised more cattle than it could consume, exchanged the surplus with its neighbor for his product.

Origin of Money

Immediately, there came great embarrassment in the operation of exchanges through a lack of equality in products. A need for an instrument of exchange had developed. Cattle were used as a common medium, but soon there was a preference for metal, such as copper, iron, silver and gold, because they were less perishable and could be kept without cost. The present standard of money is far removed from those primitive methods yet it serves the self same purpose.

Money is only a very small part of capital. If all the money was removed from a nation there are more expedients for supplying its place than that of almost any other commodity, but if materials are removed industry must stop; if provisions are removed people must starve. "That wealth consists of money is a popular notion, which naturally arises from the double function of money, as an *instrument of commerce* and as *the measure of values.*"

Origin of Credit

Development of exchange, trading and commerce brought about the barter of commodities without immediate payment and there we find the origin of credit.

Credit is a trust reposed in the debtor giving him the right to utilize something, whether money or commodities, upon the expectation of replacement in the future. The principles of credit today are unchanged yet our elaborate national system of credit has successfully developed through the various stages of individual credit, agricultural credit, business and production credit and consumer's credit. Each in its turn was met with unqualified opposition, and doubt as to its propriety, but finally came reluctant recognition of its usefulness. A deeper analysis of each in its turn, and a common knowledge of its function and applicability, has brought about acknowledgement of its value as a part of the machinery of modern economic life. Today our business and economic life are built upon credit.

Origin of Interest and Usury

Primitive people lived closely together and articles were loaned as a simple accommodation and not as a matter of business. To take toll for the use of anything was usury. The first case of usury did not involve money. Jacob induced Esau to sell his birthright for a mess of potatoes. This was a true case of usury, because Esau was weakened from hunger and Jacob exploited his brothers necessity. The first laws of usury both of church and of state were not directed against money lending, but rather against unfair dealings. Those laws without a doubt had a noble origin.

When trading between individuals developed into trading between communities and nations it was often necessary to make long trips. The man who owned the boat often lacked enough money to finance his undertaking. A neighbor who was willing to furnish the money would be without its use for long periods and took a great chance on being repaid. If the trip was successful the voyager would have made enough profit to divide with his lender. Here we find the origin of interest. The old usury laws were changed to fulfill the requirements. The new laws allowed a charge of interest within a limit.

The term interest and usury were synonymous in primitive society but they are not so today in modern industrial life. Possibly no other primitive law has been clung to so tightly in the face of economic changes, for the want of something better, than that of usury. Throughout the ages public opinion has dealt with problems of usury as though they were problems of interest.

The problems of usury are not prob-

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1928-1929

President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Vice-President, A. P. Snite, 58 W. Washington St., Chicago.
Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, T. M. Kaufman, 312 Guaranty Bldg., Indianapolis.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. B. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, V. C. Moore, 2 Lafayette St., New York City.
Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.
Membership, W. Young, 220 S. 16th St., Philadelphia.
Vigilance, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

NATIONAL COUNCIL

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Colo.—W. W. Kirby, 1030 Gas & Electric Bldg., Denver.
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Fla.—James K. Reid, 240 Allied Bldg., Tampa.
Ga.—R. R. Lanham, 205 Forsyth Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—F. L. Thompson, Shelbyville.
Iowa.—T. J. Harrison, Riviera Theatre Bldg., Waterloo.
La.—Leo Heyman, 1252 Canal Bank Bldg., New Orleans.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—C. A. Gardner, 129 W. Saratoga St., Baltimore.
Mass.—D. J. Wholey, 45 Merrimac St., Lowell.
Mich.—J. J. Bentley, 427 Lafayette Bldg., Detroit.
Mo.—H. Palmer, 119 N. 7th St. St. Louis.
N. H.—G. L. Skillin, 3 Capitol St., Concord.
N. J.—A. E. Montgomery, 40 Journal Square, Jersey City.
Ohio.—Col. D. H. Pond, 207 Blackstone Bldg., Cleveland.
Pa.—J. G. Bachofer, 18 N. 5th St., Reading.
R. I.—H. G. Neal, 49 Weybosset St., Providence.
Tenn.—John Richards, 301 W. Vine Ave., Knoxville.
Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 310½ Market St., Parkersburg.
Wis.—P. J. Koehler, 331 North Ave., Milwaukee.

STATE SECRETARIES.

Ariz.—L. B. Christy, Phoenix.
Colo.—L. M. Brazier, 320 Symes Bldg., Denver.
Conn.—A. E. Dejon, 109 Church St., New Haven.
Fla.—J. J. Gallagher, 308 Tampa Theater Bldg., Tampa.
Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. H. Werner, 309 Shops Bldg., Des Moines.
La.—R. L. Kennedy, 312 Pere Marquette Bldg., New Orleans.
Me.—T. M. Fitzgibbons, 209 Clapp Bldg, Portland.
Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
Mo.—V. G. Wise, 209 Continental Bldg., Kansas City.
N. H.—F. A. Brodeur, 967 Elm St., Manchester.
N. J.—W. S. Buswell, 40 Journal Square, Jersey City.
Ohio —J. F. Anderson, Bushnell Bldg., Springfield.
Penna.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—L. E. Pope, 209 E. Grace St., Richmond.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

lems of interest, but are rather under modern economic science—*problems of morality.*

Interest today is ultimately a problem of value. It is the market price for the use of money; the value of benefit over sacrifice. In the business of lending money other elements of cost enter in besides pure interest, such as reimbursement for overhead expenses. The problem, therefore, in reality covers the entire field of *valuation of services.*

There is a vast difference between a large commercial loan and a small one to a wage earner. The first is a loan for production and its charges are largely for pure interest, while the latter is a loan for consumption and its charges are largely *not interest.*

Possibly the greatest reason why the problems of usury have not heretofore been solved is because those other elements of charge for a loan besides pure interest were not clearly understood.

The one object of the law of usury as handed down to us from primitive times and stubbornly fostered by public opinion was to prevent extortion from the necessitous borrower who through lack of experience and equality was unable to drive fair bargaining.

Bentham, during his time, proved the futility of usury laws as applied to commerce, industry, agriculture and banking. Yet for lack of adequate solution of *moral usury,* modern business has been handicapped by the unnecessary yoke.

The relative importance of this subject therefore cannot be lost sight of by modern business, because industrial banking has to deal with the wage earners class and offers an economically sound solution to the vital question. Thus the problem of the business man, the legislators and the industrial banker are united.

Origin of Banking

The origin of banking was an outgrowth of credit. Money became a capital commodity, actually alive with the power to grow and multiply itself through the energy of interest. Idle money, like idle land was unproductive and wasteful.

Through a common medium, usually a merchant, later called banks, money was placed at work to the best advantage. The early banks served a dual purpose; a place for safe keeping and a medium of hire. It became a business of loans, issue and exchange of money or a medium of credit. The first bankers were called "money lenders" and needless to say were frowned upon. Books were written and speeches made against them, yet the business continued to develop.

Development of Banking in United States

The first bank established in the United States was the Bank of North America, at Philadelphia, in 1781. At that time there was no great economic need for banking, because the country was more than 90% agriculture, and was made up of large plantations, which were economic units within themselves.

In 1791, upon the United States becoming an independent nation, there were only three banks in the entire country. However, the students of economics foresaw the United States as a powerful industrial nation, as well as an agricultural one, and began to lay plans for a substantial credit structure. As a result, the government established the first United States bank at Philadelphia in 1791, with eight branches. The object was to justly distribute money and credit.

The general public was not satisfied with banking, and looked upon it as evil and highly speculative. The most notable arguments used against the business were: (1) It was unsafe for a community to be placed in the hands of a few men who at pleasure could raise or depress the prices of property and commodities. (2) That banks only promoted speculation. (3) That no man could reasonably calculate that ordinary profit of commerce would be sufficient to enable him to pay interest to a bank, and live by his business. (4) Banks only enabled money lenders to obtain usurious interest for their actual money by receiving interest not only on actual money, but on credit.

Public opinion was so strongly opposed to this new business of banking that in a very short time the first United States Bank was forced to close, and remain out of existence until 1914 when Woodrow Wilson succeeded in establishing the Federal Reserve system. Even at that late date it was a difficult task to give the public what it needed most, economical distribution of money.

It has taken years of experience, education and development to remove the stigma of money lending from our bankers. In 1811, a little over one hundred years ago there were 88 banks in the United States. As late as 1865 banks were denounced. Slowly the public accepted them and state legislation was enacted governing and regulating until today there are 27,000 banks in the country with billions of dollars invested. They now enjoy a public good will and there is no thought of condemning them. Last year they controlled 51% of the worlds deposits.

From the primitive need for the money lender, we have developed a highly organized, specialized, national credit structure serving each and every branch of modern economic life. The commercial bank serving as a clearing house for all types of business, with its short time loans and deposits. The mortgage banker serving the agricultural and real estate needs; the Investment Banker serving industries and the *industrial banker serving the people.* During the past one hundred years we have developed thoroughly safe rules to govern the growth and extension of credit to the producers. This highly organized and operative credit for production is the real cause of our great national wealth. By means of credit we have developed our unlimited resources and thereby have become the most powerful and wealthy nation of them all. Today the United States is recognized as a credit nation. One dollar in gold is worth thirteen in credit. There is, no doubt that our national credit structure is economically sound. To remove our credit structure from the fields of industry, commerce and agriculture would cause all to cease functioning.

Function of a Bank

The first task of a banker is to obtain capital. To use only his own would not be profitable, because of its smallness. He must have lots of it, so he borrows from the public.

The commercial banker borrows the circulating capital which is carried in the pocket, or in the safe, and which is kept in readiness for the time it will be employed.

The Bankers' appeal is "Intrust your idle funds to me until you find employment for them. I will spare you the trouble of taking care, and will return them when you wish. To do this is to render you a service. I will be your treasurer, collecting your income, cashing your checks, and paying your creditors, according to your instructions, all of which will save you considerable inconvenience."

He in turn, loans this temporary capital for short periods, because he must refund it on a moments notice.

He does not hesitate to make use of the funds intrusted to him. The depositors know that if the banker kept all the funds in his vault, he could not afford to remain in business. Society would object, because it would eventually make all the capital unproductive.

Industrial Changes

During the period between 1791 and today the United States was rapidly growing into the foreseen industrial nation.

In 1791—90% Agriculture; 10% Industrial.
In 1850—75% Agriculture; 25% Industrial.
In 1890—65% Agriculture; 35% Industrial.
In 1900—60% Agriculture; 40% Industrial.
In 1910—54% Agriculture; 46% Industrial.
In 1920—49% Agriculture; 51% Industrial.
In 1928—40% Agriculture; 60% Industrial.

That change is neither unusual nor alarming, because the country enjoys unlimited natural resources and the progressiveness to develop them. Today it has only 7% of the population of the world, yet it produces 39 to 60% of all copper, coal, cotton, lumber, iron and oil. It has 37% of all railroads, 83% of all automobiles, 60% of all telephones, 46% of all gold, and 71% of all life insurance. It is not alarming, because even with the population change, more agricultural crops were produced last year than ever before, exceeding ten billions of dollars. While fewer of the people are making their livelihood from the soil, agriculture, like industry, is developing. With the machinery our industries produce, one man can do the work of five under the pioneer methods on the farm.

Those statistical facts bring home to us the economic changes that have taken place in our lives and in those about us. Present human wants must not be judged by wants and needs of yesterday. New standards of living require new economic rules.

Industrial Banking

Industrial Banking is that branch of credit structure which supplies the financial needs of the wage earners and the masses of the people. It is as old as credit itself. The first type of money lending was small personal loans. With the development of trade and commerce, money lending ran towards production. Credit for production was recognized as economically sound, but credit to the consumer* at that time was considered unsound.

As industrial communities developed there came a great economic change in the lives of the people. There came greater separation of industry from agriculture. There came a demand for an organized type of credit for the wage earner, which production credit did not supply.

Some economic writers expounded the theory that credit to a consumer was bad, while others treated it as a semi-charitable need and induced organizations to supply it. Public spirited men attempted to supply the demand and individual money lenders plied their trade of extortion.

The first country to recognize its importance and to formulate a logical plan to supply the credit needs of the wage earner, was Germany, where Dr. Schulze-Delitzsch fostered a coöperative plan of banking. Since 1849 it has thrived. Only members of the union were served, but the plan grew until the government not only recognized it but revised the business and supplied new capital.

*Consumers Credit is discussed in a later paragraph.

Industrial Banking rapidly spread into Italy, Japan, France, Russia and all other industrial nations. So successful is this type of business in other countries, in solving the problems of usury, that the old laws have been repealed.

Development in U. S.

Until about the year 1890 there was no great economic need in the United States for a separate branch of Industrial Banking. Until that time more than two-thirds of the population was agriculture. After the population had changed to thirty-five per cent. urban, there was found growing in the eastern industrial centers a demand for a necessitous wage earners credit. The same arguments were used to curtail it, but despite these facts, the demand increased with such unusual rapidity that it commanded the attention of public opinion.

The wage earner, when in need of financial assistance, was in dire need most of all. When such needs of financial assistance overtook him he would pay any price rather than appeal to a friend or a semi-charitable organization. The result was that an unusually high rate was demanded by those few money lenders, who would venture a risk of their capital, because (1) there was far less capital available in the field than was necessary; (2) they took a greater risk operating in violation of the laws or under subterfuge plans of evasion; (3) The loans were small and required a great deal of expense to operate;

Fourteenth National Convention

The outstanding topic at the National Convention was that of publicity. The need for it and the desire for it was the big topic of discussion.

The answer, we believe, lies in "My Thrift Book," and we call it to your attention as one interested in the small loan business as well as your office. "My Thrift Book" provides a service that will itself give the small loan business a big boost. Its method of distribution will make friends of men in all walks of life, and its ever present value will mean a steady continuance and expansion of that friendliness.

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(4) The borrowers in need paid the price, not being in a moral or mental condition to drive a fair bargain.

There were in this field, as in all other classes of business, a few who used extortionate methods, but the majority were human beings and not super-criminals, as has often been associated with the high rate money lenders by public opinion. The majority of these lenders were performing a service in a necessitous pioneer field, not unlike the early private bankers who financed their neighbors and primitive commerce.

Morris Plan

In 1907, Arthur Morris, an attorney in Norfolk, Virginia, opened a small Industrial Bank under plans carefully formulated. Due consideration was given the subject of consumers credit, as well as the subject of interest. His plan distinguished pure interest from loan expense and offered as a solution to the problem a combination of loan and saving, similar to the methods so successfully used under the plan of building and loan associations.

This new type of banking was condemned as unsound, highly hazardous and speculative, not only by public opinion, but by the American commercial bankers. So strong was the opposition from the banking fraternity that the use of the word bank was prohibited.

So eager were the legislative bodies of the various states to solve the ever increasing problem of individual credit that a law was enacted in practically every state similar to the plan of Mr. Morris.

The princpial contribution of this plan to modern banking was; (1) its distinguishment between costs and interest, (2) its amortization of payments over a period of months within the ability of the wage earner to repay out of earnings (3) its stimulation of a spirit of thrift as a prevention for future financial needs by the payment of a higher rate upon savings.

This plan did not attempt to furnish justification for the repeal or even alteration of the old laws of usury, but rather a plan of supplying the demand of the wage earners credit upon the old interest rates, with a small service charge for loan expense.

The Morris Plan of Industrial Banking spread rapidly in its efforts to supply the ever increasing demand for small loans, but it alone could not cover the field. Private capital was not interested in the small margin of profit if any, considering the necessary pioneering and public lack of understanding. As a result there was a continued growth of the private high rate lender.

Economic Needs in U. S.

A recent survey of our highly efficient commercial banking system discloses the startling fact that with its billions of invested capital and its 51% of the worlds deposit, it only serves 15% of the population. It serves principally the industry and business, yet the banks of the rural district, which are entirely included, make up the larger part of this small percentage. Rural banks largely perform the function of the small lender in their communities, as do the industrial banks in the urban.

With more than 60% of our population in the United States, industrial, we are in an era of rounding out a scientific and workable instrument that fills the last remaining gap in our entire national credit structure.

We are confronted with the problems of stamping out moral usury, supplying the economic demands for credit to the consumer, and lifting the obsolete usury laws from the statutes.

To stamp out the evil of moral usury, an instrument of prevention rather than cure must be confined entirely to the field of the consumer, wherein the evil lies. To provide an economically sound instrument of prevention of moral usury, is to furnish a sound credit service to the consumer upon a basis of just and fair dealing that protects the borrower and likewise the lender. There must be not only ample protection of the borrower but there must be a reasonable return over cost to attract capital so that there will be some one to lend. Thus, by having solved the problem of moral usury, the repeal of the old usury laws will come as a matter of course, as they have done in the other nations.

Origin of Uniform Small Loan Act

In 1914, a movement was started within the ranks of those experienced with small loans to regulate the business after a long and careful study. About the same time, the Russell Sage Foundation, an endowed philanthropic organization for the improvement of social and living conditions, began an exhaustive study of the problems of the necessitous borrower. The Foundation was instrumental in establishing some twenty remedial loan societies in many industrial centers, and it had recognized the economic demand for such type of credit. It set about to place the business upon a scientific basis and to correct all of the abuses.

A committee of the lenders met with the directors of the Foundation. After a scientific analysis, there came forth the original draft of the "Uniform Small Loan Act."

Out of those meetings came history in the field of banking. Out of those meetings came the solution to the problem of moral usury.

The new Act was put to a test, although it was based upon actual experiences, needs and scientific facts, and was found workable. Economic Scholars, Civic and Social organizations and Legislators were quick to recognize its ability. The best evidence of its importance is the fact that today the "Uniform Small Loan Act" or similar legislation is upon the statute books of Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Louisiana, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, West Virginia, and Wisconsin.

It is of interest to note that the development of Industrial Banking, particularly under the Uniform Small Loan Act, since 1914 has been in the larger industrial centers. The first state to adopt the law was New Jersey, which had 3% of the total population of the United States and is largely industrial. In 1920 a total of 15 states had recognized the law serving 39% of the total population. In 1925 a total of 21 states had passed the law serving 50% of the total population. In 1928 a total of 25 were successfully operating under the Act or similar legislation serving 60% of the population.

Principles of Uniform Small Loan Act

The principles of the Uniform Small Loan Act now in effect in some 26 states are first of all to protect the borrower. This protection is afforded him by placing the business upon a legitimate basis, directly under the supervision of the banking departments of the various states, subject to regular examinations; by fixing severe penalties for violation of the law; by establishing a loan maximum of $300.00 to an individual.

On the other hand it recognizes the fact that the cost of making and collecting a small loan is much higher than the cost of handling a production loan. It fixes the maximum rate to be charged at 3½% per month upon *the unpaid balance*, and thereby, provides sufficient reimbursement for costs and a reasonable return on the capital. It not only solves the problem of protecting the borrower but also the problem of inducing someone to lend.

It places the business upon an economic basis, it deals entirely within the field of consumer's credit and strikes directly at the problem of moral usury.

The principles of the Uniform Small Loan Act in general are best summed up in the book of Dr. Franklin W. Ryan on " Usury and Usury Loans" as follows

"(1) 'It recognizes differences in cost of making loans.'

"(2) 'It operates only in the field of loans where moral usury takes place namely, the field of small consumer' loans.'

"(3) 'It can cause no mischievous effect in the field of commercial and investment loans since it operates only in the field of consumers' loans.'

"(4) 'It interposes the police power of the state to strengthen the bargaining position of the weak borrower.'

"(5) 'It can actually operate to limit excessive charges in this field because these loans are in individual cases and the charges are not determined at the margin as are pure interest rates. By strengthening the bargaining position of the borrower he is placed upon a better footing.'

"(6) 'It aims to establish a legal definition of usury which will quantitatively approximate the true definition of moral usury. Its maximum has been scientifically worked out for this purpose.'

"(7) 'It has been tried out and found to be remarkably effective in getting results.'

"(8) 'It is strengthened by the addition of administrative machinery to make it effective.' "

Consumer's Credit

The old argument that money should not be loaned for things of consumption sounds reasonable, and has been accepted to a certain extent, but it is maintained that proper credit to the consumer provides an opportunity for him to assist himself. It is a difficult matter to distinguish between production and consumption. Ordinarily, we speak of business being productive when there is a surplus of money income over outlay as a creation of wealth. Modern economi

science speaks of production as results over sacrifices. Production in its true sense does not mean the creation of more actual commodities or the yield of greater money profits to the individual.

Neither does consumption mean the destruction of matter or wealth.

Matter is indestructible. What we do in consumption is only utilizing matter. When you put coal into an engine you are utilizing matter and creating power. That commonly is called production. On the other hand food consumed by the wage earner utilizes matter to create strength or man power, yet ordinarily, we call that consumption. Therefore, it is difficult to distinguish where production leaves off and consumption begins. If we accept the common understanding of production and consumption, we are confronted with the fact that production is not complete the commodity reaches the consumer or final buyer. The real object in production is to satisfy human wants, create human happiness and to produce human energy. The commodity upon a merchant's shelf does not complete the production. If the transaction goes no further it will have been in vain.

Lending, therefore, in necessitous instances to the consumer to buy bread, coal, clothing, education and happiness is helping to complete the circle of production. It is a most important part of the credit system of production.

The United States is a prosperous nation. That prosperity depends upon productivity; productivity depends upon willingness of the people to work; willingness to work depends upon a desire for better things more comforts of life and opportunity to advance. Desire for better things, more comforts and advancement depends upon ability to buy and to obtain; ability to buy depends upon prosperity and a credit medium.

We find a complete cycle in the chain of life. The ability to buy and the existence of a medium of credit has increased production. By means of credit the producer is able to repay out of earnings. The same is true of the wage earner. By means of credit extended him, on terms possible to repay out of earnings, he is able to have a few more comforts with which to satisfy his human wants. To have satisfied human wants makes happiness and the ability to do better things. It creates a larger demand for production; that increased production makes more employment and better earnings, which makes it possible to repay the credit extended. Thus the cycle is completed.

This is a credit nation. After all, credit is nothing more than a trust and confidence in our neighbor. Credit has made production possible. Credit has made consumption possible and thereby, made more production necessary. In this modern sense, therefore, we should speak of utilization of wealth rather than consumption. The question of how to utilize wealth is no different in production than in consumption. Therefore, if consumption is judged upon the same basis as producton, the arguments against credit to the consumer fail. As long as there is even a neutral utilization of wealth, credit is legitimate and sound. When there is waste or destruction in utilization of wealth then credit is illegitimate and unsound.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

William Heuer, President, Union Savings Bank & Trust Co., Davenport, Iowa:

"For the banker, every word of Mr. Ryan's book is worthy of careful reading."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

Industrial Banking in Disguise

The general public has come in contact with a form of Industrial Banking in disguise. There is hardly a person today who is not familiar with "installment selling" of merchandise and who does not recognize it as economically sound. Every merchant who is selling on an installment plan is engaged in a form of Industrial Banking. What is the difference between the purchase of an article of necessity from the merchant and giving him a promise to pay, plus handling charges, costs and interest, to be liquidated piece meal out of earnings, and the borrowing of the purchase price from a lender giving him the promise to repay monthly with a fixed rate of interest? They both are classed as credit, which is through trust and confidence, the gaining of a right to utilize something, either money or commodities, for a given period of time. Time, therefore, is the element of credit. Professor Edwin Selegman, of Columbia University, recently made an economic survey of installment selling at the request of John J. Raskob, recent chairman of finance of the General Motors. He found that in 1926 the total consumption of retail commodities was 38 billion, of which 4½ billion was purchased on installment credit. He also found that between 55 and 60% of all automobiles were purchased upon this basis. In his conclusion he states; "but if I were to sum it up in a word, it would be to say that we are on the eve of a revolution, which is just as important as the industrial revolution of several generations ago. The industrial revolution was based upon, or accompanied by, the change in financial methods and the growth of banks, which brought credit to the producer and thus helped to render possible the immense increase in modern wealth. What we are witnessing now is a similar change only in its first beginnings, applicable to consumers credit. The theory is fundamentally the same. In one case, as in the other, individuals are enabled to secure facilities, which otherwise, would be impossible. In the one case, as in the other, the surplus of satisfaction transmutes itself into increased welfare. Decade by decade the evils attending ordinary bank credit have been gradually removed, until today no one doubts the potential contribution at least, of a good banking system to the community.

"So in the same way this 'new-fangled' device is beginning to do for the consumer what the old banking system has done for the producer."

Bankers Discourage

There is a tendency on the part of commercial bankers to discourage the investment of capital in this type of business on the grounds that it is a high moral risk. This criticism is faulty. In the first place the average loans are small, spread over a period of months carefully regulated to be repaid out of earnings. With each payment, the collateral behind the loan becomes better. The introduction of installment payment into this type of banking is a revolution for all types of banking. A loan of two hundred dollars to a man with only a salary and a few personal effects for a short period of sixty days would be a moral risk to a bank. On the other hand, the same loan repayable ten dollars per month would be within the borrowers reach and would entirely eliminate a risk. In the second place, the borrower, having set aside the sum of ten dollars per month for a period of time forms a habit. When his loan is repaid he is instilled with the thought of thrift and will continue to set aside an amount into his savings. His morale is higher; he is happy and free from financial and credit pressure, and will do better work, making his services more valuable with a reward of increase in pay. In the third place, the fact that the collateral usually offered by the wage earner is household or personal property does not make it a poor risk, because the industrial loan man is experienced in his business and is properly a dispenser of his type of credit just as is the commercial banker. Many of the loan men in the industrial banking field have been commercial bankers. They dispense credit upon the same general principles as the bankers, namely with an ability to repay. The industrial lender will no more make a loan where there is a chance of having to foreclose on the collateral than will the banker. It would be surprising for the public to know that the class of people borrowing from the industrial lender are skilled employees, trusted officials, and capable teachers who are instructing your children. It is erroneous to think that only the unthrifty, unreliable, spendthrifts and dead beats are the customers at this type of bank. The latter are no more acceptable to the industrial lender than to the bank. Another comparison worthy of mention is the fact that the industrial loan borrower may only have his good name, his credit rating, position and his household effects. Such may be worth little to anyone else, but to him they are his worldly possessions. A pledge of them is more to him than a pledge of a valuable piece of real estate to the man with a long line of credit. The best evidence on the subject of moral risk would be an inspection of the records of any standard industrial loan office.

Modern Industrial Banking

It has been learned from this survey of the economic progress that the principles are the same today, as yesterday—satisfaction of human wants. The economic system is really one big machine, turning out goods and services for the wants of the people. The mighty wheels

of business, commerce and industry are constantly turning for that one purpose, not unlike the individual pioneer family that was its own agriculturalist, miller, baker, merchant, laborer and banker. The only distinction today is that there are more people, more wants, and more specialized developments. Each class of individuals make up a unit or part of that great machine. The smooth coördination of all parts of this machine—the mines, agriculture industries, railroads, banks and the like—is essential to the maintenance of the necessary production. Any instrument of society or class of people that contributes its share to these principles is of economic importance.

Production would be of no avail if there did not exist the wants of the consumer. The importance of man power or labor to the economic well being, is that labor is the consumer as well as a producer of wealth. The well being, health, and happiness of the people therefore is of vastly greater importance than anything else.

Business men today, ingrossed in the administration of individual units, not infrequently lose sight of the broader outline of the organization of which they are a part. Yet the function of each and every individual activity so vitally affects the economic well being of the others. To civilize and to educate is to increase human wants. Every generation is conscious of thousands of new wants. Society should welcome any increase in these human desires and the means of satisfying them. Modern industrial banking takes its place along with the other instruments of society in doing this great work, and contributes its share to the well-being of the people.

It isn't new—it's as old as banking and credit. The first banks covered the entire field of credit—short loans, long loans, personal loans, farm loans, and all the rest. The rural banks still cover the entire field. But with the increase in population, production and greater division of labor, added parts to the machinery of life are necessary. One institution can no longer conveniently handle all the business of banking for a city. Thus there has come a division of banks.

Industrial Banking serves the people. The name came into the use in the old countries because it served the wage earner. In the United States it serves the urban population, which in economics is referred to as industrial. It is not a business of serving the laboring people entirely, as we speak of them, but rather it is a dispenser of banking and credit to all the people, including the teachers, preachers, doctors, lawyers, tradesmen, clerks and all other classes. It knows no class or social distinction.

Modern Industrial Banking, although in its infancy, as an individual unit bids fair to become the most powerful human instrument known to credit science. The old idea that the business was unsocial is gone, because it logically is recognized as a semi-professional economic business. It is to the people the same financial advisor that the commercial banker is to industry. It is the economic authority for the consumer.

The business has gained nation-wide recognition and has become the topic thought of progressive discussion, not only because it solved the problem of consumer's credit, which has remained unsolved for centuries, but because it deals with the public upon economic principles. It offers not only a credit to the necessitous borrower upon fair and just terms that can be liquidated from earnings, but it also acts as financial advisor and sows the seed of thrift.

Saving is not spontaneous, nor does it take place of its own accord. On the contrary several by no means simple conditions must take place first:

(1) There must be a degree of foresight. The man who saves must put his wants in a balance—the present and the future. He must undergo one for the other.

(2) The commodity saved must be preserved.

(3) Before a man can save, his labor must yield more than the necessaries of life.

(4) There must be an institution or device for facilitating saving, or at least make it possible.

Industrial Banking, through its medium of credit, furnishes not only the institution with which to save, but it strives to help the individual obtain these conditions. It offers not only a system and guidance for saving, but an opportunity for him to employ his savings safely and profitably.

A man who has enjoyed the service of an Industrial Bank has learned how to budget his earnings. The habit he has formed by making regular payments on a loan has made it easy for him to continue making his payments into a savings account. His interest earnings are above the average and his principal is secure, He has combined savings with investment.

Industrial Banking recommends itself to the conservative investing public.

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HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

LENDING MONEY TO SMALL BORROWERS

The American commercial banking system—though it seems vast beyond belief—covers the credit needs of considerably less than half of the population. Actually millions of honest, trustworthy persons are without banking facilities and cannot go into a bank to borrow even $50 or $100.

The need of small temporary loans, however, is likely to be felt at some time by almost any family. When these needed money in the past, they were forced to turn to the "loan sharks" for help because there was often no other recourse. Today, this evil is largely suppressed and the necessity, which remains as great and as urgent as ever, is served by dealers in small loans who operate under legal supervision.

Who are the people who need small sums of money? They present a cross-section of the American population. Out of ten thousand consecutive loans recently examined, it was found that more than eight thousand had been advanced to native-born American white men and women, of whom more than six thousand six hundred had native American parents. These people have grown up in American surroundings and have been schooled in American ideals.

They include teachers and stenographers and janitors, machinists and barbers and transport workers, farmers and clergymen, mechanics, printers, factory workers, musicians, miners, electricians, bookkeepers and nurses and policemen, housekeepers, clerks, chauffeurs and carpenters, painters and plumbers, tailors and doctors and small business men—almost every imaginable trade and profession. A study of one hundred thousand small loans showed that more than seventeen hundred various occupations were represented.

These are the borrowers—respectable and self-respecting, thrifty and hard-working members of their communities. They are neither shiftless nor profligate. Most of them are heads of families; a relationship which not only accents their responsibility but also often explains their need of money.

This need has grown wider and more urgent through the industrialization of the nation, resulting in the growth of complex cities and the gathering of people into large groups. Even the thrifty often must live close to their incomes, and family budgets do not always provide for emergencies.

* * * * * * * * * * *

Why do these people need to borrow? Perhaps—as is often the case—accident, sickness, unemployment or death comes upon them unexpectedly. Money may be needed for the expense of a birth in the family. Perhaps it is necessary to make a small payment to protect a carefully accumulated investment. Perhaps it is wise to begin buying a home or to paint one. It is as easy to list the many legitimate domestic financial crises as it is often difficult to find the money wherewith to meet them.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass. Information upon request.

These people in the main are scrupulously honest. Defaults are notably few, even on loans protected by no tangible security whatsoever. The most recent report of the Massachusetts Supervisor of Loan Agencies indicated that only 858 of the 176,184 outstanding loans were written off as uncollectable—a rate of default of .003 per cent. in dollar value—though many loans were made on single-name notes or on unrecorded chattel mortgages. In New Jersey from 1924 to 1926, inclusive, the default rate was always less than one per cent. This is testimony to the integrity of great numbers of persons needing small loans in emergencies.

Occasionally philanthropists have founded charitable or semi-charitable agencies to make small loans. But this is not a task for philanthropy. Capital donated without thought of reward or invested on a semi-philanthropic basis cannot satisfy a fraction of the need. There is not enough money to be had—on these terms—to meet the insistent demand. To some extent, also, these well-intentioned efforts have been defeated by the inherent self-respect of those they were designed to help, who do not consider themselves objects for charity.

Some far-seeing employers have established lending bureaus for their own employes, to protect them against extortioners. But this is often merely charity disguised. Not many industries can afford to divert sufficient money for a purely social benefit. Workers, moreover, hesitate to speak to their employers when their need is for a purpose which one might think they should have foreseen. It is apparent that they do not wish to be in debt to the same source from which come their wages.

Such efforts cannot supply the demand for small loans. Neither philanthropy nor philanthropy disguised as employe loan funds offers a permanent and adequate solution. Money in very large amounts is necessary and money does not flow in sufficient amounts into this business any more than to any other without an expectation of reasonable profit. The business of lending small sums of money must be conducted as a business for profit if it is to satisfy the tremendous demand. The safe and profitable character of the small-loan business, so conducted and legally supervised, is proving attractive to outside capital as an investment.

Laws have driven out the "loan sharks" in about half the states, in which reputable dealers in small loans are now conducting a legitimate business. Here is a field for large-scale investment of capital.

Recently some large commercial banks have entered the situation from this businesslike point of view by opening personal small-loan departments. They discount the notes of their borrowers and require endorsement from two substantial co-makers. Repayment is by installments. There are very many people, however, who cannot find two acceptable endorsers. There are very many others whose pride prevents them from confessing their money needs to relatives, friends or employers.

The bulk of the small-loan business is not and cannot be a banking operation. The borrowers usually have not the type of security which banks require. The way in which small loans are made is not the procedure of banks.

Banks normally discount the notes of their borrowers. But laws in twenty-five states forbid this procedure to licensed small-loan dealers, permitting them only to collect interest at the end of each month. These laws fix a maximum rate of interest on loans smaller than $300 and prohibit all other penalties, fees or charges, by which "loan sharks" often scaled up the cost of their transactions to 20 per cent. or 30 per cent. or more of the principal per month.

A person asking for a loan of $50, for example, from a small-loan dealer, where this law is in effect, receives the full $50 in cash. At the end of the first month, the borrower must pay $1.75 in interest. If half the loan is repaid at that time, the interest payment is reduced to eighty-eight cents in the second month. If then the loan is fully repaid, this financial help has cost the borrower $2.63 and no more—out of which the small-loan dealer must defray the expenses of advertising, investigation, bookkeeping, overhead and the return on his capital investment.

These limitations are imposed by law for the protection of the small borrowers and they result in a procedure different from banking. The organization of banks is not intended for this form of service, which requires the specialized knowledge and method which dealers in small loans have developed by experience.

* * * * * * * * *

Neither commercial banks nor philanthropy—actual or hidden—can adequately satisfy the need for small loans. It really is a business apart and by itself.

Society has been slow to recognize this difference. For years no constructive efforts were made to provide facilities by which small loans could be obtained without plunging, or risking a plunge, into a quagmire of debt. The very fact that usurers were able to find new victims month after month and to grow rich at the expense of their debtors, despite incessant public denunciation and repeated legislative attacks, proves that the need which they supplied has been and still remains imperative and well-nigh universal.

The extortions become finally so notorious that the Russell Sage Foundation about twenty years ago began a searching inquiry. It penetrated deeper than any disinterested agency had ever gone before and it put the small-loan business in its true light by dissociating it from other forms of banking. Until then, the same laws had governed all. But, while they afforded commercial banks sufficient scope, they had hampered the dealers in small loans so severely that either they had to abandon their business or carry it on in concealment, in disregard of the laws.

A variety of differences explain the greater cost of small loans. The loans average not much more than $110 and the expense of investigating prospective borrowers bears a consequently high ratio to the total loan. Repayments are in small installments, entailing an expensive system of keeping accounts and of tracing many thousands of small sums of money. All these factors make this a disproportionately expensive operation. Chief in importance, however, is probably this difference between the small-loan business and commercial banking: small-loan dealers must generally use their own capital; banks have the use of large sums from their depositors which they obtain at modest rates.

The Russell Sage Foundation recognized these differences by providing in its model legislation a maximum interest rate of three and one-half per cent. per

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YOUR OFFICE?

A new successful company which has never before sought to purchase offices is now in the market. It is not one of the big chains.

If previous negotiations were unsatisfactory—try us. Strictest confidence observed.

Do not close a deal elsewhere without our offer.

We will pay in full, in cash, at good prices, for every office purchased. Give name and location of office to receive attention.

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month on loans of $300 or less, prohibiting all other fees or charges. As the stability of this form of investment is further recognized, capital will seek it on a larger scale, and credit will be available in increasing amounts to small-loan dealers, thereby bringing about a generally lower interest rate for this form of business.

* * * * * * * * * *

The enactment of this model law, or of others based upon it, in more than half the states in the Union, has driven out the "loan sharks" where it is in effect, without injuring the reputable dealers whose good management and experience enable them to conduct their businesses at the lower rates set by law. These now save borrowers two-thirds or more of the former exorbitant charges. In this way, the law has solved half the problem by suppressing the evil; and it has emphasized the complete solution by demonstrating that reputable small-loan dealers are able to replace "loan sharks" and to operate successfully under proper social conditions.

These dealers in small loans have a national and numerous state associations and as a group they are members of the United States Chamber of Commerce. Individually, they have their places in local commercial associations and are recognized as engaged in an essential, a legitimate and a normally profitable form of enterprise.

The safety and profitability of the business are attracting capital to the small-loan field, in the same manner that it finds its way into other recognized industries.

The business of lending small amounts of money—of supplying the constant demand of many millions of honest and worthy people who need temporary financial help—is on the threshold of a great development. It has been reformed and regenerated in half the states of the Union, in almost all the most important states, and private capital is flowing into it because it has shown itself to be a safe and profitable form of investment.

(Distributed by Lee, Higginson & Co., New York.)

MEMBERSHIP CHAIRMAN APPEALS TO STATE ASSOCIATION OFFICIALS AND MEMBERS

To members of All State Lenders Associations:

The American Industrial Lenders Association has honored me by electing me as chairman of the committee on membership. The duty of this committee, as you know, is to secure new members for the American Industrial Lenders Association. The field is large and we hope to make a good showing.

In previous years there seems to have been the attitude among the members of the various state associations—and this includes the officers as well as the others—that when a membership committee is selected and a chairman appointed that the rest of them can sit back and say "Let them try and get away with it." They seem to think that "now that the committee has been appointed," the whole job is in the hands of that committee. Nothing could be further from the truth. The fact of the matter is that the committee is merely appointed as a "clearing house" for membership matters. The real job is in the hands of the officers and members of all other state associations and the American association. I know that at heart every one of you, particularly the officers of the state associations, are interested in seeing every fellow state association member, a member also of the national organization. I believe that the reason that you have never "put your shoulder to the wheel" as you should to get new members, has been because you have just neglected it. The press of your own business has been so great that this other important job has slipped your mind.

The problems that confront the Industrial Lending business become more complicated daily. Never before in the history of our business has the need for coöperative action been so apparent and urgent as now. Now is the time when every licensed lender should be a member not only of the state association but of the national association. It is only by having this 100% membership that the lenders can "clean from within" and perpetuate for the benefit of themselves and humanity in general, the business in which they have invested not only their capital but the best years of their lives.

I appeal to you, particularly to the chairmen of the state associations, to consider yourselves an active unit of the committee, charged with the responsibility of coöperating not only in spirit but in deed to accomplish the desired 100% membership in the American Industrial Lenders Association.

Very truly yours,
WILLIAM YOUNG,
Chairman, Membership Committee.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Tuesday evening, October 9th.

The meeting was called to order by the Chairman, C. A. Gardner. Upon motion of Mr. Rosenfield, seconded by Mr. Mattingly, the minutes of the previous meeting were dispensed with.

ROLL CALL

There were thirty-five (35) present, representing twenty (20) offices.

STANDING COMMITTEE

J. E. O'Neill, Jr., Chairman of the Membership Committee, reported that he has several prospective members in view. He also, introduced Miss Shanis of the Westphal Company as our guest for the evening. We trust Miss Shanis will see fit to join the Association in the near future.

VIGILANCE COMMITTEE

Mr. Rosenfield, the Chairman, brought up the subject of Real Estate clause in Chattel Mortgages being used by some of the membership.

UNFINISHED BUSINESS

The following minutes of the Executive Committee, held at the home of Mr. Howard Bryant, Monday evening, October 8th, were read:

The meeting of the Executive Committee of the Maryland Industrial Lenders Association was held at the home of the Hon. Howard Bryant, Monday evening, October 8th.

The following members were present: Messrs. Bryant, Mattingly, Rosenfield, Hougham, Garren, Hamburger, Bishop, Gardner and Tyler. Mr. Jones of Hagerstown, was present as a guest.

The meeting was called to order promptly at 8 P. M. by the Chairman, Mr. Mattingly.

Mr. Bryant suggested as we were commencing our fall meetings, it might be a good thing to have a permanent entertainment committee to arrange for speakers at our regular monthly meetings. Messrs. Mattingly, Bryant and Gardner were appointed a permanent committee to arrange for speakers and other forms of entertainment at these meetings. The Secretary was requested to get in touch with the Associaiton of Commerce and have a speaker at our meeting tomorrow evening, to talk on the loans which will be voted on at the November election.

There was considerable discussion about a Mr. Moore who is broadcasting three times daily. Mr. Moore is connected with the Industrial Banking business in the Court Square Building.

The question of having a Real Estate clause in the Chattel Mortgages was raised. After quite a discussion it was decided that it was bad business to have a Real Estate clause in the Mortgage. Mr. Bishop made the following motion: that the Maryland Industrial Lenders Association go on record as being opposed to any Real Estate clause being used in a Chattel Mortgage by anyone doing business in the State of Maryland under the small loan act; that the Association Counsel, Howard Bryant, write an opinion to that effect and that the Secretary be instructed to notify every lender in Maryland and mail them a copy of Attorney Bryant's opinion. Mr. Rosenfield seconded the motion. Carried.

Mr. Bishop raised the question of the Secretary notifying each employe of the membership offices of the monthly meetings. He felt that there were a number of the outside men who would be present at these meetings if they received personal invitations. After quite a little discussion, Mr. Bishop made the following motion: That all member offices give the Secretary the names of all the employes in their office and that the Secretary add these names to his mailing list to receive notices each month. Mr. Gardner seconded the motion. Carried.

Mr. Mattingly moved that the Association pay for printing two thousand (2,000) copies of the speeches made at our last annual banquet. Mr. Gardner seconded this motion. Carried.

Mr. Mattingly moved that the Maryland Industrial Lenders Association have one thousand (1,000) copies of the Uniform Small Loan Law printed. Mr. Hougham seconded this motion. Carried.

Messrs. Tyler and Jones then made their report of the meeting held in Hagerstown, last month. There was a deficiency of $266.18 at this meeting. It was suggested that we raise this amount by voluntary subscriptions. The following amounts were then pledged:

Mr. Bishop, ...	$20.00
Bonded Finance Company,	10.00
Master Loan Service, ...	30.00
City Finance Company, ..	10.00
Mr. Bryant, ...	10.00
Mr. Gardner, ...	30.00
Total, ...	$110.00

There being nothing further to come

before the meeting, upon motion duly made and seconded, we adjourned.

Respectfully submitted,
E. M. GARREN, *Secretary.*

Feeling that there were too many subjects brought up at the meeting of the Executive Committee to vote on the whole as one, it was decided to take up each matter separately.

Upon motion of Mr. Rosenfield, regularly seconded by Mr. Long, the action taken by the Executive Committee relative to an entertainment committee and a committee to visit Mr. Moore relative to his broadcasting was approved.

The question of having a Real Estate clause in our Mortgages was thoroughly discussed by Messrs. E. F. Moore, Howard Bryant, Hamburger, Rosenfield, Hougham and others. E. F. Moore moved that each member of the Association be requested to mail a complete set of their papers to Attorney Howard Bryant, 1702 Lexington Building. Mr. Bryant is to go over all of these papers and from them set up a uniform set of papers to be used by members of the Maryland Industrial Lenders Association. This motion was seconded by Mr. Rosenfield. Carried.

The question of giving the names of their employes to the Secretary was brought up and discussed. Upon motion of Mr. Bishop duly seconded by E. F. Moore, this suggestion was carried.

Upon motion of Mr. Mattingly, seconded by E. F. Moore, the Association will pay for the printing of two thousand (2,000) copies of the speeches made at our last annual banquet.

Upon motion of Mr. Mattingly, seconded by Mr. Rosenfield, the Association will pay for having one thousand (1,000) copies of the Uniform Small Loan Law printed.

Mr. Bishop's suggestion that the Association make up the deficiency of $266.18 of the Hagerstown meeting was discussed and the following motion made by Mr. Bishop: That the Association ask for voluntary contributions to pay the balance still due on this deficiency, namely: $156.18. This motion was seconded by Mr. Hamburger. Carried. E. F. Moore of the Beneficial Operating Bureau pledged $30.00 towards same. This still leaves a balance of $126.18 to be raised. Kindly mail your checks to the Secretary so that the same can be paid.

J. R. McKeldon, Secretary to the Mayor of Baltimore, gave a very enlightening talk on the loans which are to be voted on in Maryland at our next election. Mr. McKeldon's talk was enjoyed by all.

There being no further business to come before the Association, upon motion duly made and seconded, we adjourned to meet again the second Tuesday in November which will be November 13th.

E. M. GARREN, *Secretary.*

MISSOURI

The regular meeting of the Missouri Industrial Lenders Association was called to order by the Chairman, Harry Palmer, in the music room of the Muehlebach Hotel, Kansas City, Missouri on September 13, 1928.

Each member present was requested to sign his name and address on a card, and deliver same to the secretary in lieu of calling of a roll.

V. G. Wise, the regular secretary being absent, Hugh F. Reilly was appointed to act.

Minutes of the last meeting held May 10, 1928, in St. Louis, were read, and upon motion duly made and seconded, stood approved.

The code of ethics as submitted at the last meeting upon motion being duly made and seconded, were adopted.

In the absence of the Chairman upon membership, Mr. Reilly, acting secretary, reported fifty-one members in all and six delinquent.

Upon report of legislative committee, David Lichtenstein, chairman, reported a new ruling from the Attorney General. Copies of which were passed to all members.

Mr. Lichtenstein further reported that the Commissioner of Finance had ruled that it was possible in an assignment of wages to write in the words, "any future employer." Copies of said ruling may be had from B. T. Hurwitz, attorney for the association.

Upon motion made by Mr. Lichtenstein and seconded, it was voted that the chairman on legislation be authorized to appoint as many as he desired on the committee, according to the congressional districts, with a purpose of getting acquainted with each state senator and representative, and to contact them and so advise the secretary.

Mr. Lichtenstein, thereupon stated his appointments would be made and each member notified later.

Mr. Auferheide thereupon stated such a practice was followed in the state of Indiana.

Upon report of the Vigilance Committee, Mr. Evans, chairman, reported nothing of importance that needed attention, and that all matters coming to his attention were small, but they had received his attention.

The report of the treasurer was read. It showed all bills paid to date and a balance of $336.24 in the bank. He stated that all members having paid only one-half of the year's dues should mail their checks to the secretary.

Upon motion duly made and seconded, the report of the treasurer was approved.

There being no unfinished business to come before the meeting it was passed to new business.

Upon motion made by Mr. Lichtenstein and duly seconded, the following resolution was adopted:

Resolved, That the Missouri Industrial Lenders Association in regular session express themselves as being in hearty accord with the policies and activities of the American Industrial Lenders Association, and to sincerely pledge their support in the furtherance of its work; and to recommend that each of our members should become active members in the National Association, thereby demonstrating our belief and faith in its principles.

Upon motion duly made by Mr. Reilly and seconded, the following resolution was adopted:

Resolution of the Missouri Industrial Lenders Association setting forth its position as against unlawful money lending and salary buying in Missouri.

WHEREAS, The Missouri Industrial Lenders Association, an association of duly licensed and state supervised in-

$80

2½%

Time and Interest Calculators

Now in Stock

Also

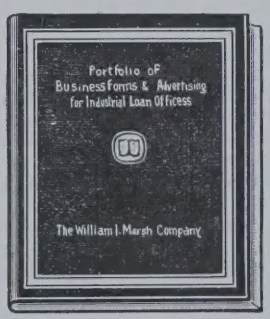
2½%

Interest Tables,

Large Rate Schedules
(Bound or flat)

and 20 Payment Plan Circulars

Send for samples



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Chicago, Illinois

dustrial lenders operating under the Uniform Small Loan Law, desires to and hereby publicly expresses its disapproval of the evil practice now prevalent in Missouri, and carried on by those who are unlawfully engaged in money lending, and

WHEREAS, The good name of the legitimate industrial loan business is in danger of being besmirched by the so-called salary buyers and those unscrupulous persons who by trickery, and unethical practice prey upon the industrial public, and

WHEREAS, The association considers it as a duty to the public and to those public spirited civic and social organizations now active in the elimination of the evils of "moral usury," to give its full coöperation in every way to exterminate the unlicensed lenders and to thereby relieve the necessitous borrower from unlawful and extortionate practice, and

WHEREAS, The association recognizes the great work that has been done and is now being carried on by the Russell Sage Foundation, the better business bureau, and other civic, social and welfare organizations in this field, and in their recognizing in the Uniform Small Loan Law an instrument for the prevention and the eradication of those operating in violation of the law.

Now, therefore, be it *Resolved*, That the Missouri Industrial Lenders Association and its individual members hereby declare their firm determination to stamp out the illegal money lending and salary buying in Missouri; to protect and defend the public against the "loan sharks;" and to give to the Russell Sage Foundation, the better business bureau's (throughout the state) and any and all other public spirited organizations, individual and state officials full support in their efforts.

A lengthy discussion was entered into regarding advertising, some very interesting facts were mentioned, particularly regarding the intent in the use of the phrases "no endorsers." It was stated such advertisment was in no way a reflection on the Morris Plan System.

Mr. Levitt moved that the association go on record as being opposed to the use of such phrases, "no fines"—"no fees"—"no deductions" and "legal rates."

Motion was duly seconded by Mr. Hollowell.

Mr. Aufderheide moved that the motion of Mr. Levitt be tabled, seconded by Mr. Lichtenstein, and upon debate and vote was passed.

Mr. Palmer by request explained the workings of the St. Louis Industrial Lenders Exchange. It has been a marked success under the leadership of Mr. Cliff. It clears every name of loan applicant and the address. The clearance of addresses is an additional improvement just started. Mr. Palmer further reported that they had almost one hundred per cent. membership.

Mr. Hollowell of the Beneficial Operating Bureau, talked at length on the duties of the licensed lenders to make the small loans as well as the larger ones. The purpose of the Uniform Small Loan Act is to furnish the small $10.00 necessitous borrower a legitimate place to borrow as well as the $300.00 borrower.

Mr. Shinnick, discussed the problems and returns on taxes.

Upon motion duly made and seconded

USURY AND USURY LAWS

By

FRANKLIN W. RYAN, Ph.D.

Here is what some competent critics think about it:

George W. Kehr, Secretary, American Industrial Lenders Association:

"*Usury and Usury Laws* covers ground that no book has ever covered before."

Frank P. Bennett, Editor, *United States Investor*, Boston, New York, Chicago:

"This book helps to clear up much of the confusion which has existed on the subject of usury."

Leo S. Rowe, Director General, Pan-American Union, Washington, D. C.:

"The most complete analysis of the usury problem which has yet appeared."

Walter B. French, Vice-President, Trust Company of New Jersey, Jersey City:

"I found *Usury and Usury Laws* a very valuable analysis of the personal loan problem."

Nathan Isaacs, Professor of Business Law, Harvard Business School:

"Mr. Ryan's discussion may be drawn upon most effectively for argument in court."

Reginald H. Smith, Member of Boston Bar, Author of *Justice and the Poor:*

"This book paves the way for a complete solution of the Loan Shark problem."

H. W. Moorhouse, President, Brookmire Economic Service, Inc., N. Y.:

"*Usury and Usury Laws* is a complete analysis of the problem of controlling interest rates by law."

Edmund R. Beckwith, of the New York Bar:

"The first book to make clear the relationship between the legal bases of credit and the economic situation of non-banking borrowers."

Charles H. Watts, President Beneficial Operating Bureau, Inc., N. Y.:

"*Usury and Usury Laws* is a sound exposition of the legal, economic and social rightfulness of the Industrial Loan Business."

This work was awarded the Jesse Isidor Straus Prize Scholarship at Harvard in 1921, the Hart, Schaffner and Marx first prize of $1,000 in 1923, and was made the subject of a special award in 1925 by the late Colonel Clarence Hodson of New York.

PRICE $2.50 POSTPAID

Order from and remit to

American Industrial Lenders Association

P. O. Box 778, Harrisburg, Pa.

"THE $100,000 BOOK"

by Mr. Lichtenstein, it was voted to hold the next meeting of the association in Sedalia, Missouri.

Mr. Davis, of Edina, discussed the attitude of the country banks on the small loan business. He recommended the making of more $10.00 loans to justify the existence of the business.

Meeting was adjourned for a one o'clock luncheon in the tea room. There were forty-two present at the luncheon, who enjoyed talks from Mr. Buehler and Mr. G. Husser, of the better business bureau.

Mr. Buehler gave a report of the campaign of the better business bureau against the salary buyers.

Mr. Husser discussed advertising.

Mr. C. R. Napier of Chicago made a short talk.

After the luncheon meeting of the association was reconvened.

Mr. Hollowell talked on the management of a small office.

Mr. Marsh, the Chicago printer, pledged his support to clean advertising.

After a general discussion by all the members, meeting was adjourned.

HUGH F. REILLY, *Acting Secretary.*

VIRGINIA CURBS SALARY BUYERS

James F. Wright, General Solicitor of the Seaboard Air Line Railway Company, Norfolk, Virginia, is authority for the statement that the 1928 Virginia Legislature enacted Section 4168 (51) Chapter 1660 of the Virginia Code so as to prohibit the salary buyers charging a rate in excess of ten per cent. per annum, as consideration for any sale, assignment, transfer or order for the payment of any wages or salary. Mr. Wright also advised that Judge Shackleford of Corporation Court No. 2 of Norfolk, Virginia, on October 9th, in a test case held the amendment constitutional and fined the salary buying company for violation of the amendment. Mr. Wright further observes "As the salary buyer can hardly afford to operate at the rate of return now allowed him by statute, we should very soon be rid of him in Virginia."

B. N. L. I. CO. GROWS

Bankers National Life Insurance Company of Jersey City, N. J., is upon the threshold of entering its first anniversary of the date of the first policy issued—November 4th. The amount of business written to date strongly points to the probability of the company creating a record never before experienced by any other company in the same period. It is the intention of the company to give wide publicity to this anticipated record and definite figures will be forthcoming at the proper time. It is expected that a record which we may be well proud of will have been created.

NEWS ADS. PULL

Arthur C. Ward, manager of the Borrowers Protection Department of the Bankers National Life Insurance Company, Jersey City, New Jersey, writes: "We compliment you on the 'pull' of your circulation as shown to us in the replies we are already receiving from companies interested through your publication."

LOCAL EXCHANGES

DEAR SIR:

The Des Moines Lenders Exchange, held their monthly meeting at Younker's Tea Room on the evening of October 17th. Seventeen were present.

The members accepted the resignation of Mrs. Edna Woody, Manager of the Exchange, who is making Milwaukee her future home. Mr. B. J. Miller, in behalf of the members, presented Mrs. Woody with a "15 jewel, 4 sapphire, 2 diamond" wrist watch in appreciation of her very efficient and satisfactory work as manager of the Exchange.

Election of officers for the coming year was held and the following members chosen:

B. J. MILLER, *Chairman,*
H. A. HULLING, *Vice-Chairman,*
W. H. COTTON, *Sec'y.—Treas.*

Several topics of local interest were discussed and a good time was had by all.

B. J. MILLER,
Retiring Secretary-Treasurer.

Pittsburgh, Pa.
October 11, 1928.

The regular monthly meeting of the Pittsburgh Industrial Lender's Association was held on Thursday evening, October 11th, at the Fort Pitt Hotel Dutch-Room. The meeting was called to order by Chairman Loupe, who addressed the members, calling their attention that this was the annual meeting for the election of new officers on the Exchange Committee and he briefly recalled the activity of the Exchange during the year just passed and advised the members that nine additional companies had been admitted to the Exchange during the past twelve months. Mr. Loupe also thanked the members for their coöperation during the past year, also the different Standing Committees and he expressed the hope that the Pittsburgh Exchange would continue to operate in harmony with a good fellowship feeling as heretofore.

Upon motion made by Mr. Hartman and seconded by Mr. Smith, the minutes of the last meeting were approved as distributed.

Upon request of the Chair for a roll-call, the secretary was instructed to call the roll and the following members were present: Mr. Hipp, Mr. Loupe, Mr. Marxsen, Mr. McCartney, Mr. Hartman, Mr. Thale, Mr. Dornhœfer, Mr. Kent, Mr. Streiner, Mr. Martin, Mr. Fisher, Mr. McKinney, Mr. Smith, Mr. Schmalzreid, Mr. Thompson, Mr. Shank and Mr. Braun.

TREASURER'S REPORT

A. H. Thale, the treasurer, submitted an itemized list of receipts and disbursements which indicated a small balance in the treasury.

Upon motion made by Mr. Hipp and seconded by Mr. Streiner, the report of the treasurer was accepted and ordered spread on the minutes.

SECRETARY'S REPORT

The secretary reports twenty-six members at the present meeting, and he also reported that the committee had every hope of having the applications of three companies in the Beaver Valley to be voted on at the next monthly meeting.

All Bets Off!

The things we do, we are often told and like to tell, all contain an element of gamble. Some of our ventures less than others and though we seem to strive to reduce the element of chance, we seek only *better odds.* So the phrase immutable, "Life's a Gamble."

Industrial Banking is sound because the odds seem favorable since experts have worked out a rate of interest which is fair when applied to the high cost of collection in the industrial class of borrowers with its awkward "skip" and "slow" percentage. So, lending to live industrial workers is a gamble at favorable odds. On a note loan co-makers bet on a maker's character; on a chattel mortgage, chattels are "security." The lender, the co-makers, the dependents interested in the borrower's chattels and the borrower have the human right to wager and guarantee the borrower will pay *if he lives*—character, "security," interest and so on, shoulder the odds. It is unethical, an unfair gamble, and therefore bad business for any concerned to guarantee a borrower *will live* to pay. It is an imposition—at those odds. So, the answer? New odds and an Insurance Company holding stakes. That's business.

"Why" you say, "our institution will take that risk. We'll cancel the note; we haven't had a borrower die in so and so long." Not much gamble? What would a lusty epidemic do to your outstandings? Leave them out, for collecting from the dead is obnoxious and unsatisfactory, very. Life Insurance doesn't try. So none concerned, nor the stakeholder, lose.

If you will offer your loan customers the Service of Borrowers Protection you will get fair business odds, co-makers will gamble not so greatly and dependents interested in chattels need not face this hazard. The Service is optional and the borrower buys it if he wants, but if not....Well, we offer the Lender a commission or collection fee, so that he may cancel the note of he who won't insure—if the lender still feels charitable, or like gambling. We'll hold the stakes—we get paid for it. You don't, and we insist you should write us for information on Borrowers Protection Insurance Service, telling us the maximum term of your loans and the minimum so that we can tell you without any trouble and at better odds to yourself how you can say to your borrower, "If you should die, ALL BETS OFF!"

"Protect your notes"

Borrowers Protection Department

BANKERS NATIONAL LIFE INSURANCE COMPANY

Journal Square Jersey City, New Jersey

PUBLICITY COMMITTEE

Mr. Frye being absent, there was no report on the Publicity Committee, however our Chairman, Mr. Loupe, commended Mr. Frye on his activeness in getting news items in both papers of our meetings.

VIGILANCE COMMITTEE

Mr. Fisher and Mr. McKinney reported progress and expressed the hope that they would have something definite to lay before the committee shortly.

ENTERTAINMENT COMMITTEE

Mr. Northart, being absent, there was no report on the Entertainment Committee. Our Chairman, Mr. Loupe, however, commended Mr. Northart on the excellent dinners and the comfortable quarters which had been supplied for our meetings during the past year.

EXCHANGE COMMITTEE

Chairman Loupe questioned the members as to the hour of receiving Exchange Reports since additional help had been secured at the Exchange, and on a check-up by the Secretary, it was found that reports were received as early as 8:00 A. M., and none later than 10:00 A. M. Mr. Loupe called the members attention to sending a report to the Exchange office every day and on days when no applications were to be reported on, he requested that a blank form be mailed to the Exchange office. This will assist the operator in giving early reports, as if no mail is received from any one company, the operator may infer that the mail is delayed and make unnecessary inquiries. The chairman also requested any out-of-town companies to use a special delivery stamp on their mail so as to reach Pittsburgh Post Office early the next morning as the operator lifts this mail at the Post Office before 8:00 A. M. These suggestions were offered by our chairman with the hope of keeping up the good work of the Exchange and making for more efficiency. A check-up was made at this time as to any members being without By-Laws of the Association and the secretary was instructed to mail copies to the following members: Mr. Marxsen, Mr. Braun, Mr. Kent, Mr. Thompson, Mr. Fisher and Mr. Renner.

NEW BUSINESS

There being no further reports from the committees, Chairman Loupe advised the members that the meeting was now open for new business and that the election of officers on the Exchange Committee for the coming year was now to be put up to the members and he requested that a Nominating Committee be appointed. Mr. McCartney at this time, was acknowledged by the Chair and being advised that he was in order, made a motion that the present officers of the Exchange Committee be renominated. This motion was seconded by Mr. Kent and unanimously passed by the meeting and on motion made and duly seconded, the secretary was instructed to cast a ballot and the present officers, Mr. C. W. Loupe, President; Mr. M. Hartman, Vice-President and Mr. A. H. Thale, Secretary and Treasurer, were declared elected for the coming year.

Mr. Loupe at this time thanked the members for their confidence in him and he hoped that he would have the full coöperation of the Standing Committees and of the members as he had had the good fortune to enjoy in the past. On request of Mr. Thompson and seconded by Mr. Fisher, a rising vote of thanks was given Mr. Loupe for his untiring efforts and work in behalf of the Pittsburgh Exchange. Loupe called the members attention to the work of Mr. Hartman, our Vice-President, in providing such wonderful entertainment for the members this summer and upon motion made, Mr. Harman was given a rising vote of thanks. Chairman Loupe called the members attention to the splendid work of the Secretary and on motion made, he was given a rising vote of thanks.

Chairman Loupe called the members attention to the annual State Meeting and Banquet, which will be held in Philadelphia next month and he expressed the hope that a large delegation from Pittsburgh would be in attendance.

The question at this time arose regarding the closing of offices on Armistice Day which falls this year on a Sunday and by a majority vote of the members, it was decided to close on Monday, November 12th. Chairman Loupe, then called on Mr. Krebs, Assistant Supervisor of the Beneficial Loan Society. Mr. Krebs gave an interesting talk regarding the method of reporting in other Exchanges, which was received by the members with thanks.

No further business being before the meeting, a motion was made by Mr. Marxsen and seconded by Mr. Hipp to adjourn. A. H. THALE, *Secretary.*

NEW ASSOCIATION FORMED

A meeting of Industrial Lenders was held at the Hotel Deshler, Columbus, Ohio, on October 19th, where a new association was formed under the name of "Buckeye Industrial Lenders Association." Representatives of 51 members were present; regrets were received from nearly as many more. The objects and purposes of this newly formed association are to encourage and support the introduction of the Uniform Small Loan law in Ohio, containing the maximum limitation of $300.00 at which small loans may be made and including Section 16, relating to curbing of the so-called salary buying practice, as fostered by the Russell Sage Foundation, New York City, an endowed philanthropy for the purpose of betterment of social and economic welfare.

Doctor Charles G. Mueller was elected temporary President of the new organization, and C. G. Liggett, (402 Commercial Building, Dayton, Ohio) was elected as secretary. The next meeting of the Association will be held at the Hotel Deshler, Columbus, on Thursday, November 22nd, at 10:00 A. M., when a number of new members will be admitted and the appointment of standing committees, such as by-law, law, legislation, etc., will be effected, to complete the objects of the association. A cordial invitation is extended all industrial lenders in Ohio interested and in sympathy with the purposes of this association to be in attendance at the meeting scheduled for November 22d.

PHILADELPHIA, NOVEMBER 14

At the Bellevue-Stratford Hotel, November 14th, will be staged the big Thirteenth Annual Meeting of the Pennsylvania Industrial Lenders Association. The sessions begin in the morning at 10 o'clock and continue throughout the day, with the banquet and dancing in the evening. Besides some very live subjects which are scheduled to be considered, officers for the ensuing year will be elected.

The speakers of note who have accepted invitations to address the meeting, include Charles H. Watts, President of the Beneficial Operating Bureau, New York, who will talk on "Industrial Banking vs. Small Loans" during the afternoon session. In the evening after the banquet, Professor Luther Harr, B.S., A.M., Ph.D., of the Wharton School of

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the University of Pennsylvania, will speak on "The Changing World of Finance," and Senator Edward Ford of Michigan, will talk on "What the World Needs." President Gilbert J. Badger of the American Industrial Lenders Association will also be one of the speakers at one of the sessions.

The subjects for general discussion will be left to the members themselves, who will be permitted to write the questions on paper and deposit them in a question box which will be available.

The luncheon speaker will be Ralph S. Westing, Director of Public Information, Pitcairn Aviation, Inc., Philadelphia, who will speak on "Aviation Ten Years Ago and To-day."

An Address

By Hon. Louis T. McFadden, *Chairman of the Committee on Banking and Currency, National House of Representatives,* before the Maryland Industrial Lenders Association, Baltimore, May 15, 1928

Mr. Toastmaster, Ladies and Gentlemen: I hardly know what to say after this wonderful introduction. I want to tell you a few things about the toastmaster. I have known him a long time and know a few things that even you people do not know about him. I am not going to tell all to you here to-night. He came over to Washington a few weeks ago and he started in at the White House and then he went around to the various departments and consulted the members of the Cabinet, and the Treasurer of the United States. He has read a letter from him. Then he started in the United States Senate and when I saw him he was all out of breath and all tired out; it was late in the afternoon. He came up to me and said, "McFadden, I am in trouble, I have tried every way to get someone from Washington to come over and make a speech and I have failed so far; won't you come over?" So I told him I would go. Then he said he had to have someone else, and wondered whether I could suggest somebody. It occurred to me that this is a Democratic city—I have been seated here between two staunch Democrats—and I thought we ought to have a little change. I said, "You better get this fellow who is managing Herbert Hoover's campaign," so I brought him—Mr. Lockwood—along. He is going to tell you people here in Baltimore what a fine fellow Herbert Hoover is. He has got to be on his guard a little bit, because this Governor who is your favorite son and went down to Annapolis, and might be back any minute and he might get into trouble.

Now, I was interested when Mr. Hedgepeth told me what he was doing, and that all of you people were interested in this organization known as the Maryland Industrial Lenders Association, because it is my business in the berth that I occupy in Washington to know something about the different forms of financial operations in this country, in so far as the National Legislature is concerned, to see to it that appropriate laws are steered through Congress for the proper operation of our various financial systems.

The toastmaster has referred to the McFadden Banking Act. A very interesting situation in connection with the passing of that act, which is a revision of the entire banking laws of the country so far as it pertains to National and Federal Reserve banking operations, was brought about when the President was called upon to sign that measure a year ago on the twenty-fifth day of February. On that day he affixed his name to the McFadden Banking Act. This is the latest of three important National Banking Acts signed on that day. The National Banking Act which, back in the sixties was signed by President Lincoln on February twenty-fifth, and the first act we ever had was signed by George Washington on February twenty-fifth; a rather interesting coincidence in connection with banking legislation.

Now, in the organization of the first bank back in George Washington's time it was necessary to put on the statute books a piece of legislation. Alexander Hamilton and those men of his day were important influences in the formation of that law. It ran along and we had a system of State Banks with the one National Bank, and we had a varied experience with those institutions. So, with all the different experiences that we had, it came up into the sixties, when we organized the National Banking System which has stood for so many years with practically no revision or amendments of any moment until quite recently, or until 1913 or 1914, when it became necessary to modernize that system, and we passed the law known as the Federal Reserve Act. Later it was found necessary to revise that act to bring it up to date. We have been moving along in this country to such an extent commercially, industrially and agriculturally, that it has been necessary to keep our banking system in step with this vast development which has been taking place.

Now, in addition to all this, the requirements of the times demanded that we make extensive improvements in the banking laws pertaining to the financing of the agricultural interests of the country. So back in 1916 we organized the Federal Farm Loan Banking System, a system which has satisfactorily functioned to a great extent; something like two billion dollars worth of loans have been made to the agricultural interests of this country since the enactment of that law. Then the fact became apparent that we had to revise this system further through the instrumentality of the Intermediate Credit System to the extent of aiding it to take care of the short time credit needs of the farmers in the country. Although we had then provided for long time credits on favorable terms for the agricultural interests, there was still a gap left open and it became apparent to those of us engaged in directing legislation that we should have an intermediate credits act to give short time financing to the agricultural interests of the country. So we passed, in 1923, the Agricultural Credits Act, which has functioned and made loans to the extent of some six hundred million dollars to the agricultural interests, particularly the coöperative marketing interests of the country as well as the cattle interests, and this act has served a great purpose.

Notwithstanding the fact that we have had all these systems and the organizations to serve industry, commerce and agriculture, it has remained for the development of a new line of banking to serve a larger portion of the people of this country than any other system, i. e., the line of business which is occupying your time, the development of the industrial loan business, the personal loan. Why, I remember it was only a few years ago at one of our hearings held in my committee room in the Capitol at Washington when we were looking into the financial affairs of this country, that we called one of the greatest financiers of the age as a witness—it was none other than J. Pierpont Morgan, leading private banker of the United States, and he then made that remarkable statement that the best collateral there was was "character." Now, that is the kind of loan that you people are making. Character is the basis of credit for your business to-day and it is a big field.

My attention has been directed to that class of business because of the study it has been necessary for me to make in discharging my duties as Chairman of the Committee of Banking and Currency in Washington. I have been watching with a great deal of interest this tremendous development that is taking place in this field in which you are all engaged. My attention was first attracted to the Morris Bank Plan; my attention was then directed to the great national Wimset system and those other systems which were organized because you and other farseeing people have recognized the need, and this State and other states have drafted laws which are necessary to protect the carrying of this class of business. I do not know of any class of banking which is more important. It is only in its infancy.

I was much interested in the address that was delivered here this evening by your remarkable Secretary of State in which he laid down a chart for you to follow. It was a splendid thing that he said to you about the management of this class of business in which you are engaged. You cannot go wrong if you follow the chart which he laid down.

It is easy, however, to make a mistake in this kind of business. Yours is a sacred trust. I said to Mr. Hedgepath the other day when he told me of the success which you are meeting in this organization, that I felt that you were serving a tremendously useful purpose. I said to him, "I wonder if you recognize how important that service is and how it is possible for you to extend that business to the point where you might be able to solve one of the great economic problems of this country." I believe it is going to be solved through the development of the very plan on which you people are working.

We legislators have also been having trouble in Washington, caused by the demands which have been coming in from the country asking us for still further relief in the way of national legislation to help the farmers in this country. There has been before Congress this demand for several years. Congress has tried to respond to the demands, but it has not as yet been able to do so fully because of the political bondage, and the hysteria which has surrounded the whole demand for further relief for the farmers of this country.

We created the Federal Farm Loan System to help the farmers of the country very much in the same way that you people are helping the salaried man who needs a loan to tide him over. In the study I have made of the Morris Plan, and the National Wimset Plan and your plan, it seems to me there is the embodiment of the very relief that is being sought and the adoption of that same form, it seems to me, needed to be worked out for the solution of this great economic problem which is facing the country to-day, and on which every effort is being put forth to solve.

When the Federal Farm Loan System makes a loan it makes it on the basis of the security of the man's farm. It loans him up to fifty per cent of the value of the farm and up to twenty per cent of the value of the improvements. They do not question the farmer on whether or not he has a proper budget, or whether he is living within his income. If he has the proper values he gets the loan and the Government forgets him until the interest is due. Then if he does not pay the interest and it becomes in default, they foreclose the mortgage and trouble ensues for the poor farmer who borrowed. In connection with the study of that plan as contrasted with the operation of your own system and these other systems, it occurred to me that the Government of the United States was making a great mistake in not finding out the farmer's real situation and trouble. I was particularly attracted to that form that I know is being used by the National Wimset Company, and, I understand, also to a large extent by your organization. When a man comes in to borrow, if he wants one hundred and fifty or three hundred dollars, they or you say, "Yes, we will loan it to you but we want to know about your affairs," and you require the man to state what his debts are. You require him to give a whole statement of his affairs; in other words, to "come clean," and when he has, you size up the salary or income that he is getting, how much it costs him to live, and then finding that instead of his wanting one hundred and fifty dollars he needs three hundred dollars to pay his whole debt, you say: "We will let you have three hundred dollars because that is what you must have." You say, "You are paying too much rent, you must cut the rent down," "your expenses are too high." In other words, you make him out a budget. If that same system were applied by Uncle Sam to the farmers who obtain loans from the Federal Farm Loan System, it would be adding another arm of support to the poor chap who needs that help. The Government has spent millions of dollars to analyze the farmers' situation and has also through the operation of the Smith-Lever law established in each county of each of the forty-eight States a county agent, an expert educated and equipped to give the farmers expert advice on his problems. Uncle Sam could use this agency to good advantage in the operation of its farm loan system, to guide the farmers in proper production in his farming operations. He may be growing grain and hay, when by location of his farm and the type of land, he should be carrying on a dairy operation; or he may be a dairy farmer and have only half the cows he should have to operate efficiently. This the county agent can advise him on, and in many cases the farmer should be furnished the necessary funds to buy more cows, either by companies like yours or through the Federal Farm Loan System. The loan to be repaid monthly out of the proceeds of sale of the dairy products—a budget of which could be made where the loan was granted as security, just as you exact from your borrowers a pledge of a certain amount monthly out of their salary.

The security and the success of this loan business in which you are engaged, in my judgment, depends on the kind of assistance and help that you give the borrower. These people with whom you are dealing need your protection, as well as the farmer. I feel if the Federal Farm Loan System could go a step farther than it does by going to the borrowers, the farmers of this country, and extending the same kind of assistance and advice you are extending to the individuals with whom you are dealing, we would come to a solution of this great economic problem of the farmers, which is troubling Congress so much and troubling the people of this country to the extent that it is. You are serving a splendid cause.

Now, I do not know whether you are going to need national legislation or not. You are operating now under State laws. If it becomes necessary to enact national legislation, I want you, all of you, who are engaged seriously in this work, to know that those who are charged with the responsibility of handling these matters in the National Government have open ears, and that you are going to have an open and frank hearing, if any laws are required from national legislation.

I believe that you are engaged in a line of business that is going to extend and grow more and more to fill a fundamental need in this country, much beyond that which you now anticipate. I want you to feel, in the working out of your plans, that so long as I am in Congress and can be of any assistance to you in the way of laws or of amendments to hook your system up with the already existing systems of this country, or a new system, that you are going to have a favorable hearing before me and an opportunity to present your plans to Congress.

Now, there are great changes taking place in our whole financial system. The thing that we have been trying to do in the past few years is to keep our present banking laws apace with the requirements of the tremendous development in this country. When we created the Federal Reserve System in 1914 and put it into operation we had no idea, when it was started, that we would get into the things that have developed since that time so far as finances are concerned. We created a domestic banking system, and almost immediately we found it necessary, for this, a domestic institution, to begin to discharge the functions of an international bank, and it has operated splendidly in that respect. It was fortunate for this country that that great system was installed just when it was, because the needs that came upon us at that time had to be served, not only on the part of our country, but throughout the other countries of the world, and this system created in 1914, to be managed by the Federal Reserve Board, found itself, practically at its inception, in the midst of financing which was never anticipated, and the demands of our Government became such that almost immediately the Treasury of the United States had to take over the control of this system. All dur ing the war period and until 1919, th operation of that system was dominate largely by the Treasury Department, s that when, in 1919, the Federal Reserv Board came again into possession of th system, it had grown to such an enor mous extent that it was like pioneerin for them again, and the great readjust ment that was brought about at that tim was a marvelous piece of work.

There has been much criticism, how ever, of things done by this system tha have not been understood by the averag person. The readjustment which cam about in 1920, as I say, made the manage ment of that great system a tremendou undertaking. They did not know or un derstand all of the operations, or the ef fect of this and that or the other thin upon the country in the operation of tha system, but in the great readjustmen which took place in 1920, and since, th Federal Reserve Board have begun t find themselves and to discover the powe and the influence that they have at thei beck and call for the stabilization of thi great financial system of ours. So, fo the past four or five years the manage ment of the system has been so conducte as to not only stabilize for us the com merce and financial processes of thi country, but, because of the fact tha there came into this country the vas amount of gold that there did in the wa period, we have because of this exert ing our influence over the world finances, so to-day, that great system i functioning as an international bank, an it is the most potent influence in th world. It is the most powerful influenc that an administration can have in deal ing with the other countries of the worl to-day, this operation of the Federal Re serve System.

Now, what we are trying to do a legislators—not as politicians, because w do deal with the subject of banking law not as a partisan proposition but as a economic proposition—we are trying t keep it apace of the times. So, I say t you whenever you find in the develop ment of your business, that you are goin to need national legislation, come over t Washington and let us talk it over wit you.

I have been very happy to be with yo to-night and to give you this little tal My friend Lockwood said not to talk to long because he wanted to say a lot abou Hoover a little later, so I am going t give way to him and let him have th stage from now on.

MICHIGAN

The Twelfth Annual Convention o the Michigan Industrial Lenders Assoc ation was held at the Hotel Statler, De troit, Thursday, October 18th. The at tendance was not as heavy as usual, du to the fact that we were host to th American Industrial Lenders Associatio at Grand Rapids, last month, and thos that came were more curious about rate and advertising than anything else. Th meeting was called to order at 10:0 o'clock A. M., by Chairman Mr. Buckne and the entire morning session was con sumed by regular routine and election o officers. We adjourned at 12:30 o'cloc to partake of the luncheon provided b the Entertainment Committee at whic we were ably addressed by Mr. Walte L. Dunham, President of the Detro

Savings Bank, Detroit, Michigan. He alked along the lines of comparison be-ween banks and Industrial Loan Com-panies during which he stated that the oan companies take up the work where he banks leave off, also that the loan ompanies render greater personal service han the banks, because they loan to a arge number of people who are in need.

The afternoon meeting was called to order by our new chairman Mr. J. J. Bentley, and after an address of welcome by councilman George A. Walters of De-roit and the paper on clearing house peration by Mr. C. R. Dudley of Detroit, a discussion of rates and advertising was started which consumed most of the afternoon. The officers for 1928-29 are Mr. J. J. Bentley, Charman, 426 Lafay-ette Building, Mr. C. R. Dudley, Vice-Chairman, 423 Majestic Building, Detroit, Mr. W. J. Stevens, Secretary, 2030 First National Bank Building, Detroit, Mr. J. J. Hanes, 121 E. Washtenaw Avenue, Lansing, Mr. E. R. Klein, fifth member of Executive Committee, 163 W. Wash-ington Street, Chicago, Ill.

The next meeting will be held in Flint, Michigan, on the third Thursday in April, 1929.

Banquet at 7:00 o'clock P. M. Mr. C. J. Liggett Toast Master. Principal speaker Mr. David Fitzgibbon of Port Huron, Michigan, Ex-State Senator. Guests, Mr. Ralph Clench, State Banking Department, Mr. S. B. Kempton, Detroit, Better Business Bureau. Entertainment and dancing until midnight.

W. G. STEVENS, *Secretary.*

BENEFICIAL OPERATING BUREAU, INC., HOLDS QUARTERLY SUPERVISION AND AUDIT CONFERENCE AT HOTEL PENNSYLVANIA, NEW YORK CITY

Visitors Guests at Headquarters Halloween Party

The Eleventh Quarterly Supervision and Audit Conference of Beneficial Operating Bureau, Inc., was held in the Roof Garden of the Hotel Pennsylvania, New York City, October 25th, 26th, and 27th. Charles H. Watts, President of the Operating Bureau presided over the meeting. The three day session of busi-ness discussion was interspersed by very interesting and enlightening luncheon and after-dinner talks.

At the luncheon on Thursday, October 25th, the Conference was addressed by Norman H. Lombard, former Director of the Stable Money Association of New York City, on the subject of "A New Science of Money." In his talk Mr. Lombard eulogized the late Benjamin Strong, Governor of the Federal Reserve Bank of New York, saying that stabiliza-tion suffered a great loss through his death. The speaker then went on to say: "The control of the volume of money and credit in use, in order to promote stability is no longer a theoretical abstraction but has now become a definite practical science which is being applied by our central banks. The subject is being so generally discussed that there is every confidence that stabilization of the gen-eral price level will become the accepted aim of monetary technique."

Further on in his speech, Mr. Lombard outlined the far-reaching economic and social effects of fluctuations in the gen-eral price level, and explained the principles which underlie efforts to de-crease such fluctuations and thereby stabilize the purchasing power of our money. The speaker concluded by de-scribing some of the definite plans which have been proposed for accomplishing that result.

Thursday evening at the banquet served in the Southeast Ball Room, Edmond R. Beckwith, General Attorney for the Operating Bureau, acted as toastmaster and succeeded in keeping those present in a constant uproar of laughter and en-joyment by his witticisms. A clever parody of the conference, written by Dr. M. R. Neifeld, Statistician of the Operat-ing Bureau, and produced in the form of an operetta was received with rousing enthusiasm. The main speaker of the evening was President Watts. The title of his address was "Come on Up." Mr. Watts said in part: "Beckoning sub-ordinates to reach the higher levels of accomplishment is the most important function of any executive; showing ways and means of climbing up to become a more valuable member of the organiza-tion. It is understood, of course, that our executive must have vision sufficiently developed to hold out the goal before his man." O. W. Caspersen, first Vice-President followed with a short talk.

The business of the Conference was conducted as usual, during the Friday morning session, October 26th. Then at luncheon, the meeting was addressed by Dr. V. V. Anderson, Director of Medical Research of R. H. Macy and Company, who spoke on "Selection of Personnel." Dr. Anderson stated that the selection of personnel involved the diagnosis of the applicant's potentiality for work adjust-ment and job success, which is in turn dependent upon the interviewer's ability, background, training, experience, tech-nique and general manner employed. Dr. Anderson then outlined the proper tech-nique for the evaluation of psychological tests. The total dependence of any scheme on the clerical accuracy, common sense and adjustment of the interviewer was particularly emphasized. A great deal of stress was laid upon the part played by personal maladjustments and physical disabilities in job failures. It was pointed out that only a small pro-portion of the removals from positions in the way of layoffs, discharges and resignations were attributed to defects capable of being tested, the larger pro-portion being due to personal, mental, physical and health problems, employment maladjustments and conditions that were in a measure remediable. Finally the speaker urged the necessity for a con-structive view point in personnel work and the prevention of job misfits through proper attention to the adjustment of individual cases.

That evening a Hallowe'en Party and banquet was held in the Roof Garden of the McAlpin Hotel. The party was a tremendous success and the various costumes displayed a surprising amount of beauy and originality. Prizes were given to the most original, the prettiest, and funniest costumes, by the judging committee composed of the five depart-mental supervisors of the Operating Bureau. Dance music was furnished by the Kentuckians, a well-known New York orchestra. The headquarters' personnel, of Clarence Hodson and Company and Bankers National Life Insurance Com-pany also attended the party.

Saturday, October 27th, was devoted to round table discussion of supervising and auditing matters and the closing of the business of the Conference. Ad-journment was made at five p. m.

Those attending the three day session were as follows: Charles H. Watts, Chairman and President, O. W. Casper-sen, First Vice-President; Clarence Hod-son 2d, Second Vice-President; R. E. Tucker, Comptroller; R. D. Shepard, General Auditor; E. L. Kincaid, Treas-urer; H. S. Turner, Secretary in Charge of Liaison; David H. Finck, Personnel Director; Leon J. Ingram, Assistant to President; Dr. M. R. Neifeld, Statisti-cian; Philip Kapinas, Assistant to first Vice-President; H. E. Denegar, Adver-tising Manager; Frederick Fischer, Col-lection Manager; T. L. Edholm, Pur-chasing Agent; C. B. Baldwin, Alan K. Dolliver, and Glen S. Knapp, Director of Supervision; Albert G. Morhart, Audit Examiner; J. E. Holleman, Head-quarters Auditor; Edmond R. Beck-with, Esq., General Attorney; Jackson R. Collins, Esq. Tax Section; Virgil C. Moore, Blue Sky Section; M. James Stevens, Senior Instructor of the Institute.

The traveling staff was represented by Northern Supervisor A. G. Zimmerman and Northern Assistant Supervisors A. C. Christensen, T. M. Fitzgibbons, H. A. Morgan, F. A. Reed; Eastern Super-visor E. C. Millard and Assistant East-ern Supervisors Geo. W. Curry, Robert S. Kreps, H. C. Moore, J. H. Wickstrom; Southern Supervisor E. F. Moore and Southern Assistant Supervisors M. L. Dobyns, P. C. Hess, J. C. Lewis, James A. Schilling; Central Supervisor C. G. Liggett and Central Assistant Supervisors C. A. Miller, A. A. Naltner, Martin F. Snyder, F. K. Tidd; Western Super-visor E. R. Klein and Western Assistant Supervisors A. D. Bennett, J. V. Crom-well, F. C. Hallowell, Harry Russell, Jr.; Supervisor of Auditors Fred L. Wright and Assistant Auditors Carl F. Berquist, W. Clyde Bookman, William H. Coss, Henry Disser, Albert J. Eardensohn, Leon W. Kelber, Edgar R. Kichline, William H. Lamson, Elton O. Lightner, Guy B. Love, Harry C. Riley, John A. Schmitt, Paul W. Staples, Clarence H. Wilcoxen, James P. Fitzpatrick and Foster J. Kim-ball.

MASSACHUSETTS

The Annual Luncheon Meeting of the Massachusetts Industrial Lenders Asso-ciation was held on Wednesday, October 17, 1928, at Elk's Hotel, 275 Tremont St., Boston, Mass., at which thirty-two (32) members were present.

Names of persons representing firms as follows: D. J. Cote, Personal Finance Co., Cambridge; E. E. Davidson, Super-visor of Loan Agencies, Boston; A. Youngerman, N. E. Equity Corporation, Boston; Austin R. Bull, National Loan Society, Boston; S. Michelman, Nor-thampton Loan & Fin. Co., Northampton;

M. Greenman, Van Dam Loan Company, Boston; S. G. Harris, N. E. Equity Corporation, Boston; D. E. McLaughlin, Mutual Ind. Service, Inc., Lowell; E. F. Hurd, Beneficial Loan Society, Dorchester; F. M. Gannon, Personal Finance Co., Malden; A. R. Phillip, Ideal Financing Association, Quincy; P. H. McMullin, American Loan Society, Worcester; S. E. Blandford, Superior Finance Service, Inc., Boston; H. J. Desormaux, American Loan, Inc., New Bedford; A. E. Viets, New Method Loan Company, Springfield; T. E. Arnold, Personal Finance Company, Worcester; L. E. Menadue, Beneficial Loan Society, Lynn; M. D. Dickey, Industrial Bankers, Brockton; H. J. Levensohn, Beneficial Loan Society, Boston; John J. Oxley, Beneficial Loan Society, Springfield; W. H. Hearne, Industrial Bankers, Waltham; L. C. Davis, Personal Finance Company, Somerville; W. H. Deignan, Personal Finance Company, Pittsfield; A. K. Dolliver, Beneficial Operating Bureau, New York City; Frank A. Reed, Beneficial Operating Bureau, New York City; A. C. Christensen, Beneficial Operating Bureau, New York City; Mario Caliri, Savoy Finance Company, Boston; S. R. Georgi, E. B. Columbus Assoc., Inc., E. Boston; Reginald H. Smith, Counsel, Boston; M. W. Newman, Ideal Financing Assoc., Inc., Boston; D. J. Wholey, American Loan Company, Lowell; A. G. Zimmerman, Beneficial Operating Bureau, New York City.

After luncheon Chairman Wholey presented Mr. Earl E. Davidson, Massachusetts Supervisor of Loan Agencies. Mr. Davidson spoke on constructiveness and coöperation work amongst the money lenders and that the field in this line was large enough for all to do business in with the proper service rendered to the general public. He stated that the successful loan office of today was the one who gave proper service to its customers and if a customer wants to discharge his loan before the time of contract, he should be allowed to do so. He considers this good advertisement for the business. He also stated that other companies coming in the State or companies operating on the cut rate basis as perfectly legitimate, providing the total cost and interest did not exceed the lawful rates in Massachusetts, which is 3%.

The loan office who gives the proper service and looks at it on the humanity side should have no fear or worry of his competitors or cut rate companies operating in this State. Mr. Davidson's little talks at our meetings are always welcome and appreciated by all the members of the association. A vote of thanks, by applause, was given him at the conclusion of his much-enjoyed talk.

Chairman Wholey next presented Mr. Reginald E. Smith, the association counsel. Mr. Smith spoke on the constructive work for the future of the Uniform Small Loan Law, and the rapid progress of the Small Loan Business to the present time. He stated that the future problem of Small Loan Business will be the financing of the business, and the services rendered to the borrower. He also states that in time legislation will be enacted to increase the Uniform Small Loan Law limit to $500 or $1,000 loans, and that the loan risk would be less at that limit than at the present limit—$300. He mentioned the fact that should any changes come, the State of Massachusetts should have the opportunity to make any changes, and that the future of the loan business should be spoken of between members of the association channel and place the Small Loan Business on legal basis for all.

The applause given Mr. Smith for his well-fitted talk and the interest he is taking in the association and the Small Loan Business welfare, plainly acknowledges and shows our appreciation for his interesting talk to the members present.

Chairman requested the Secretary to read the minutes of the previous meeting held July 18, 1928, at the Pemberton Inn, Pemberton, Mass.

Motion made and seconded, the minutes of the previous meeting be accepted as read by the Secretary. It was voted to accept the minutes of the previous meeting and placed on the Association records.

Chairman Wholey introduced Mr. Alan K. Dolliver of the Beneficial Operating Bureau, Inc., of New York City. Mr. Dolliver spoke on the Uniform Small Loan Law and stated that his corporation stands for the 3½% rate in all States of the Union. Mr. Dolliver was applauded by members present as an appreciation for his views on the Massachusetts Industrial Lenders Association Meeting and the Uniform Small Loan Law in general. A vote of thanks was extended to Mr. Dolliver for his presence at this meeting.

Chairman next introduced Mr. A. C. Christensen of the Beneficial Operating Bureau, Inc., of New York City. Mr. Christensen stated how it was a pleasure for him to be a guest at this meeting and assured the members present that he enjoyed being with them on this occasion and expressed himself 100% in favor of coöperation for the welfare of the Uniform Small Loan Law. Applause of appreciation was given Mr. Christensen by members present.

Chairman read a letter from J. T. Cronan, former Treasurer of the Association, tendering his resignation as Treasurer of the Massachusetts Industrial Lenders Association, due to being transferred by his firm, the National Loan Society, to their New York Office on August 11, 1928. Mr. Cronan's resignation was accepted with the best wishes of the Association for his future success in his new position and location.

Reports from Officers

Chairman Wholey made report of his trip as delegate to the National Convention on September 19-20-21, 1928, at Grand Rapids, Mich. He brought back some very interesting information and the side lights of the Convention. He informed the members that the trip to the convention was a pleasant one as well as a business trip and that a great deal of constructive information can be obtained from such a meeting. The chairman's expense to and from the National Convention was $185. Motion made and seconded that the Chairman's report be accepted. It was voted and ordered spread on the records.

Vice Chairman Blandford read a booklet from the firm of Lee-Higginson entitled—"Lending Money to Small Borrowers," on the Small Loan Business of today giving in full detail the progress of the Small Loan Field. It was enjoyed and appreciated by all who were present.

Motion made and seconded to accept the Vice Chairman's report. Voted and spread on the records.

Treasurer's Report

In the absence of Treasurer Cronan due to his resignation and transfer to New York City, Acting Treasurer D. J. Cote, made the Treasurer's report.

Motion made and seconded that the Treasurer's report be accepted and placed on the Association records. It was accepted and voted that the Treasurer's report be placed on the Association records.

Secretary's Report

To the Officers and Members of the Massachusetts Industrial Lenders Association, I hereby submit the following report, as Secretary, for period February 15, 1928, to October 17, 1928:

Membership February 15, 1928.....	36
Members accepted since February 15, 1928	9
Present Membership	45
Members with Dues paid to date ..	35
Members delinquent in dues	10
	45
Licensees in Massachusetts September 30, 1928	125

Motion made and seconded that the Secretary's report be accepted as of this date. It was voted that the Secretary's report be accepted and placed on the Association records.

Committee's Report

Committee on By-Law—D. J. Wholey Chairman. The revision of by-laws have been made and a mimeograph copy sent to each member for approval at next meeting. Motion made and seconded that this report be accepted and spread on the minutes.

Legislative Committee—Mr. A. G. Zimmerman, Chairman. Report that everything is running smoothly.

Grievance Committee—Mr. Zimmerman reports one case in Pittsfield, Mass., but it was adjusted satisfactorily. All members were requested to report any violation of the Small Loan Law to the secretary for further action.

Mr. Newman reports that he is tabulating some information to present to Supervisor Davidson and it will be reported at the next meeting. Motion made and seconded that the Grievance Committee report be accepted and spread on the minutes. It was so voted.

Membership Committee—Mr. Wholey Chairman. Mr. Wholey reports that application blanks were forwarded to a non-members also invitations to attend our last two meetings to increase our membership, in which this committee has been successful. Nine new members have been taken on since February 15, 1928, to October 17, 1928.

Motion made that the Membership Committee report be accepted to date and in progress.

New Business

The chair read a letter received from Secretary G. W. Kehr of the American Industrial Lenders Association acknowledging with thanks our check for $100 as the Massachusetts Industrial Lenders Association donation to the National Body to defray expenses.

The chair read a letter from the Credit Reporting Company of New England regarding organization of Credit Bureau

Nothing was suggested concerning this matter and it was left as unfinished business until next meeting when this matter will come before the meeting.

The chair brought up for discussion our next Annual Banquet and Ball. General discussion took place and it was voted to hold the Seventh Massachusetts Industrial Lenders Association Banquet and Ball in the evening with a NO-Luncheon Association Meeting in the afternoon, the time and place to be set by the chairman as soon as possible. It was left as unfinished business.

The chair appointed a nominating committee to elect the officers for the coming year as follows Mr. Newman, Chairman; Mr. Zimmerman, Mr. Viets, Mr. Desormaux, Mr. Youngerman, Mr. Calviri, Mr. Michelson.

The nominating committee submitted the following names for election: D. J. Wholey, Chairman; S. E. Blandford, Vice Chairman; M. Greenman, Treasurer; D. J. Cote, Secretary.

It was moved and seconded that the Secretary cast one vote for each of the following named persons to be elected as Officers of the Massachusetts Industrial Lenders Association for the coming year: D. J. Wholey, Chairman; S. E. Blandford, Vice Chairman; M. Greenman, Treasurer; D. J. Cote, Secretary.

The above-named persons were so voted and accepted as Officers of the Association for the coming year and to be recorded on the records of the Association.

Motion made by Mr. Desormaux, and seconded by Mr. Zimmerman, that the Secretary's compensation be increased from $50 per year to $100 per year, paid quarterly in equal amounts of $25 per quarter by the Treasurer of the Association. The above motion was accepted and voted that the Secretary's compensation be $100 per year beginning October, 1928, paid quarterly and recorded on the association records as follows: January, April, July and October.

It was voted and accepted.

It was also resolved that Attorney Reginald H. Smith be re-appointed as retaining counsel of the Massachusetts Industrial Lenders Association for the coming year ending with our Annual Meeting in October, 1928, at a fee of $200 for the year, to be paid semi-annually in advance in October, 1928—$100—and April, 1929—$100. Total $200.

It was voted to accept Attorney Reginald E. Smith as Association Counsel at the above fee and place on the Association records. It was so voted and accepted.

The following named companies filed application for membership in the association: Industrial Bankers of Salem, Inc., Salem, Mass.; Industrial Bankers of Taunton, Inc., Taunton, Mass.; Henry R. Murphy, Framingham, Mass.; Taunton Loan Company, Taunton, Mass.

Motion made and seconded that the above-named companies be accepted as members of the Massachusetts Industrial Lenders Association from this date, October 17, 1928. It was so voted to accept the above-named companies as members of the Massachusetts Industrial Lenders Association and spread on the Association records.

The following named persons elected, and appointed by the chair to serve on the following committee for the coming year:

OFFICERS ELECTED

New Officers for the Coming Year—D. J. Wholey, Chairman; S. E. Blandford, Vice Chairman; M. Greenman, Treasurer; D. J. Cote, Secretary.

Executive Committee—D. J. Wholey, Chairman; S. E. Blandford, M. Greenman, D. J. Cote, H. P. Stephenson, M. W. Newman, A. G. Zimmerman.

Committee on By-Laws—D. J. Wholey, Chairman; D. J. Cote, H. J. Desormaux.

Legislative Committee—A. G. Zimmerman, Chairman; H. P. Stephenson, M. W. Newman, S. E. Blandford, M. Calviri, A. E. Viets, H. J. Desormaux.

Grievance Committee—A. G. Zimmerman, Chairman; H. P. Stephenson, M. W. Newman.

Membership Committee—D. J. Wholey, Chairman; A. Youngerman, D. J. Cote.

There being no further business to come before this meeting, it was agreed and carried to adjourn at 4:25 P. M.

Respectfully,
D. J. COTE, *Secretary.*

LOUISIANA

This meeting was held October 16, 1928, in the Gold Room of the Hotel Roosevelt, New Orleans, Louisiana, opening Tuesday morning at 11:00 A. M. with President Heyman in the chair. The minutes of the previous meeting were read by the secretary and approved as read.

L. R. Osborne of the American Loan Company, Frenchmen Street section, New Orleans, gave a short and interesting talk on the "New Orleans Industrial Lenders Exchange and Its Functions."

A copy of the Florida State Industrial Lenders Association's By-Laws was read before the meeting. These by-laws were discussed and several amendments added to them. After considerable debating a motion was made by J. I. Schneider that they be accepted and seconded by C. G. Liggett. There were no objections and were accepted.

A motion was made by I. Miller that $50 be charged each member of the state association for initiation fee. This was seconded by J. I. Schneider. No objections and was seconded.

A motion was made by F. B. Smith that the meeting adjourn and was seconded by I. Miller. No objections and was seconded. The meeting adjourned.

LUNCHEON 12:00 NOON

At the luncheon several speakers were introduced by Toastmaster C. G. Liggett, the first being R. Van Chase of the Chamber of Commerce, his talk being "New Orleans and Its Future Prospects." This talk was very interesting as well as educational to all the members. Mr. Chase pointed out facts about New Orleans that several of the natives know nothing about.

Toastmaster C. G. Liggett expressed the thanks of the Association to Mr. Chase and introduced Honorable William A. Porteous, Jr., who gave a talk on the "Constitutionality of Act No. 92 of 1928." Mr. Porteous assured all the members that they had no reason to think other than that Act No. 92 was constitutional and it would be only a very short time until all questions would be cleared and the law would be enforced in every detail.

Toastmaster C. G. Liggett expressed the thanks of the Association and introduced Leo Heyman, President of the La. I. L. A., who gave a short talk on the "Change from High Rate to Industrial Banking Business." Mr. Heyman gave a very interesting and original talk on this subject, and all members of the Association were delighted to hear statements such as Mr. Heyman made coming from an "old-time" high rate loan man.

Toastmaster C. G. Liggett expressed the thanks of the Association and introduced L. J. Ingram, Assistant to Charles H. Watts, president of the Beneficial Operating Bureau, Incorporated, New York, who gave a short talk on the importance of coöperation between the members of such an association as the La. I. L. A.

Toastmaster C. G. Liggett expressed the thanks of the Association the meeting be adjourned. The meeting adjourned.

The afternoon session was called to order by President Leo Heyman at 2:00 P. M. in the Gold Room, Hotel Roosevelt, New Orleans, Louisiana.

A motion was made before the meeting by Mr. Schaffer that J. I. Schneider be elected treasurer. This motion was seconded by L. R. Osborne. J. I. Schneider was elected unanimously.

L. R. Osborne nominated Mr. Pickett as the fifth member of the Executive Committee and Mr. Schaffer moved that

LOAN OFFICES WANTED

A consolidation of independent loan offices is proposed in states having a small loan law.
Will purchase for cash or exchange of securities and retain present management.

Reply in absolute confidence.

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Industrial Lenders News **Harrisburg, Pa.**

nominations be closed. Mr. Kraft seconded the motion. No questions. Nominations were closed. The president instructed the secretary to cast a ballot and men were elected unanimously.

C. G. Liggett made a motion that the Executive Committee make up a certificate to issue on payments of initiation fee and yearly dues. Motion was seconded by F. B. Smith. No objections. Motion carried.

C. G. Liggett made a motion that the secretary be instructed to apply for membership in the A. I. L. A. Motion was seconded by I. Miller. Questions. None.

C. G. Liggett made a motion that stationery for the La. I. L. A. be printed identically the same as the Florida I. L. A. only change being the names of the officers and their addresses. Seconded by L. R. Osborne. Questions. None.

C. G. Liggett made a motion that a Code of Ethics be arranged for adoption at the next meeting. Seconded by I. Miller. Questions. None.

O. A. Cotton made a motion that the president appoint a Vigilance Committee of six to keep in close contact with the law and courts in regards to all changes and actions made by them pertaining to our business. Seconded by C. G. Liggett.

C. G. Liggett made a motion that a chairman of the Vigilance Committee be elected and he be given power to choose his five members. Mr. O. A. Cotton withdrew his previous motion in order that C. G. Liggett's motion might stand. Mr. Liggett's motion was seconded by J. I. Schneider. Questions. None.

J. I. Schneider moved that F. B. Smith be nominated chairman of the Vigilance Committee. Mr. Kraft moved that nominations be closed. Seconded by Mr. Love. Questions. None.

C. G. Liggett made a motion that H. H. Harvey be nominated chairman of an Entertainment Committee. L. R. Osborne moved that nominations be closed. Seconded by I. Miller. Questions. None.

O. A. Cotton made a motion that the Executive Committee be appointed to act also as Legislative Committee. Seconded by I. Miller. Questions. None.

L. R. Osborne made a motion that we form a membership committee of three to encourage and increase the membership of the La. I. L. A. It was pointed out by C. G. Liggett that each member of the Association pledged himself to do all in his power to further the Association in every way that he possibly could when he became a member of the La. I. L. A. L. R. Osborne withdrew his motion.

President Leo Heyman introduced M. F. Snyder of the Beneficial Operating Bureau, Incorporated, of New York, who gave a talk on the American Association of Industrial Lenders. Mr. Snyder pointed out the benefits that one derives from belonging to such an association and the good that the A. I. L. A. was doing for the small loan business. Mr. Snyder's talk was both educational and interesting to all. President Leo Heyman expressed the thanks of the Association and opened the "Question Box."

All members of the Association were given a slip of paper and each wrote the question on this paper that he would like to hear discussed. These questions were placed in a box and then taken out one at a time and read by the secretary. An open discussion was held on each question until all questions were answered or discussed thoroughly.

C. G. Liggett made a motion that the meeting adjourn. Seconded by J. I. Schneider. Questions. None. This meeting adjourned until the Executive Committee sets a date for future meeting.

BANQUET

A banquet was held in the Gold Room, Hotel Roosevelt, 7:00 P. M., October 16, 1928. All members of the Association, their families, friends, and employees enjoyed a real Southern banquet to the tune of Hammonds' Nine-Piece Colored Orchestra; also being entertained by six dancing acts.

Toastmaster Honorable William A. Porteous, Jr., called on C. G. Liggett of the Beneficial Operating Bureau, Incorporated, of New York, to give us a short talk. C. G. Liggett responded with a very enthusiastic talk of encouragement to the newly-formed La. I. L. A., praising them on their present membership and stressing the importance of coöperation between each and every member.

Toastmaster Honorable William A. Porteous, Jr., thanked Mr. Liggett and called upon O. A. Cotton of New Orleans who gave a very interesting outline of his experiences in the loan business.

Toastmaster Porteous thanked Mr. Cotton and called on Leo Heyman, President of the La. I. L. A. who expressed his thanks to the committee for their coöperation with him arranging for the convention.

Toastmaster Porteous thanked President Heyman and called on M. F. Snyder who gave a word of encouragement to all members.

Toastmaster Porteous thanked Mr. Snyder and called on L. J. Ingram who gave the Association a brief plan of advancement and stressed the importance of coöperation.

Toastmaster Porteous invited all members and all present to stay for the dance which started immediately after the banquet. All present enjoyed themselves to the utmost and were sorry that such events do not take place more often.

MEMBERS

Fulton Loan Service, Incorporated, John I. Schneider.

Beneficial Loan Society of New Orleans, Frank B. Smith.

Home Finance Company, Leo Heyman.

Personal Finance Company of Monroe, L. J. Hogan.

Terrell & Company, J. P. Pickett.

American Loan Company of Shreveport, Hugh Kraft, Jr.

Personal Finance Company of Alexandria, H. L. Love.

Mutual Loan Company of New Orleans, O. A. Cotton.

American Loan Company of New Orleans, Frenchmen Street Section, L. R. Osborne.

Personal Finance Company of Baton Rouge, Mr. Schaffer.

Personal Finance Company of New Orleans, H. H. Harvey.

American Loan Company Central of New Orleans, R. L. Kennedy.

Family Loan Company of New Orleans, I. Miller.

Beneficial Loan Society of Shreveport, Mr. Yule.

R. L. KENNEDY, *Secretary.*

CONNECTICUT

The regular fall meeting of the Connecticut Industrial Lenders Association was held in Parlor A of Hotel Taft at New Haven, Tuesday, October 16, 1928.

The meeting was called to order at 2:00 P. M., Chairman Connor presiding.

The minutes of the previous meeting were read and approved.

The Roll Call showed thirty-seven members present and thirteen guests.

The Treasurer's report was read as of October 16, 1928. This report was approved and ordered placed on file.

Mr. A. G. Zimmerman, Chairman of the Vigilance Committee, advised us regarding his recent interview with Bank Commissioner Shippee. He stated that in our advertising we should solicit borrowers who need money for necessities only and obviate all phrases in our advertising which suggest directly or indirectly unnecessary purposes.

Mr. T. C. O'Brien read facts from the law suit in Indiana against a small loan company. Mr. Kendrick made a motion which was seconded and approved that the secretary be requested to write Mr. Hubachek about the case so that the Association could get detailed information.

Chairman Connor spoke about the State Exchange. Mr. Moran, Chairman, stated he will have a complete list of the lenders in each vicinity for our next meeting.

Chairman Connor advised us with respect to all matters of interest that took place at the National Convention. He also stated that the National dues were to be increased from thirty-five cents to one dollar per thousand with minimum dues of $20.

The following applications for membership in the State Association were voted on and approved: Personal Finance Company, Danbury; Personal Finance Company, Manchester; Consolidated Plan of Connecticut, Inc., New Haven.

National President Badger made a motion which was seconded and approved that the secretary write a letter to Mr. Hubachek expressing our regrets that he was forced to resign from the Chairmanship of the Law Committee.

Chairman Connor selected a committee for the annual banquet and dance which the Association will hold on January 19, 1929. The committee appointed was A. E. Dejon, Chairman; Henry Holm, W. C. Kendrick, T. C. O'Brien, Mr. Lott, L. W. Scarpa and Mr. Van Wart.

Mr. Moreau, Manager of the Industrial Lenders Exchange in Hartford, spoke of their system in giving accurate, complete and speedy information to all loan companies in the Exchange. He said he would be glad to give any detailed facts regarding the Exchange to any interested managers.

National President Badger gave a résumé of the State Exchange in New Jersey, spoke of its efficiency and necessity and suggested that the secretary be instructed to write Mr. A. E. Montgomery, Chairman of the New Jersey Industrial Lenders Association for full details regarding their territorial arrangement and plan of operation.

Mr. Virgil Moore, Chairman of the National Legislation Committee, spoke on better advertising.

Mr. A. K. Dolliver, Beneficial Oper-

ating Bureau, New York City, spoke on he progress that other State Associations are making.

National President Badger made a stirring address about membership in the National Association. He thoroughly explained why it was necessary to increase the dues from thirty-five cents to one dollar per thousand, the good the Organization was doing in this Country at the present time, and also the good they have done in the past. His talk was well received by all members present and we were very glad to have had the opportunity of hearing from our National President.

Mr. Scarpa made a motion which was seconded, that we give National President Badger a rising vote of thanks.

The meeting adjourned at 3:40 P. M.

A. E. DEJON, *Secretary.*

A. I. L. A. AT HOT SPRINGS

President Gilbert J. Badger and Jackson R. Collins, who attended the annual conference of the United States Chamber of Commerce, at Hot Springs, Arkansas, October 5 to 9, report a very interesting meeting. President Badger, commenting upon the meeting upon his return, said:

"There were two things that came up at the Conference that I believe are of interest to our members. The first of these was the matter of each Chamber of Commerce or Trade Association policing their business, so as to keep it clean and thus avoid legislative interference. When this subject was brought up I naturally opened my ears. It sounded so familiar. I found that in this matter we are not alone, that practically every Chamber of Commerce and Trade Association has this problem to handle, regarding its own membership, and that they are using the most strenuous efforts to clean house.

"In this conjunction it may interest you to know that the Commissioner of Banking of Connecticut in a conference with representatives of the Connecticut Association made the statement that he considered it very imperative that an amendment be made to the Act in that state excluding, in the future, all lenders asking for a license who have less than $30,000 of paid-in capital, stating that it was absolutely impossible for his department to properly police the business if small real estate dealers, gasoline station owners and so forth were to be allowed to take out licenses as they were now doing in that state. The Association at its meeting in New Haven this week decided that if the Commissioner wanted it would not be antagonistic but to give him their support in securing the passage of the legislation. Of course, they will not foster it themselves and it will be purely the Bank Commissioner's own bill.

"The other matter which was very thoroughly discussed in the conference, which interests us, was the matter of cutting prices. One of the leaders in this discussion read a telegram which he had just received from Washington announcing that the Federal Trade Commission had decided in a matter brought before them, that cutting of prices where it was not justified was an unfair trade practice."

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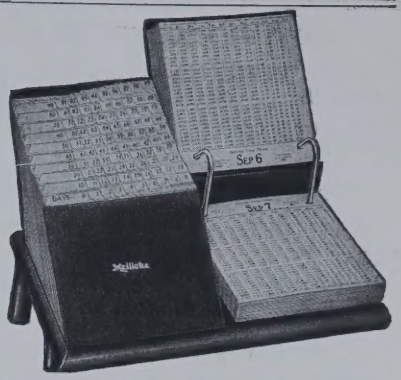


The Meilicke Time-and-Interest Calculator

By referring to the cards on the right for the current date, you can read directly the expired time to any date within a year. By referring to the cards on the left you can read direct interest on any amount for that time.

THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. For with a Meilicke Calculator you can tell at a glance exactly how much interest is due on any ordinary loan you would make, without the necessity of spending the time to figure it out either on a machine or with pencil and paper.

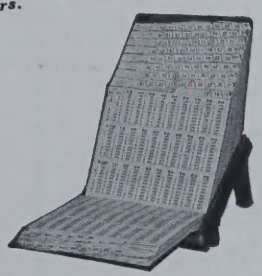
These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us. Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

The Meilicke Interest Calculator

Turn down the card showing the expiration of days, and read direct the interest on any amount at your rate. Every answer is PROVED correct. Approved by all state examiners.



* Scratch out the one you don't want.

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Please send us a Meilicke { Interest / Time and Interest } Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retain the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

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MEETING SCHEDULE

WEST VIRGINIA—Charleston, November 9.

MARYLAND—Baltimore, November 13.

INDIANA—Shelbyville, November 14.

PENNSYLVANIA—Philadelphia, November 14.

NEW JERSEY—Newark, December 6.

SPECIAL MEETING

An informal meeting of all A. I. L. A. members interested in recent developments in the industrial lending and legislation field will be held at the Governor's Room, Machinery Club, on the 22d floor at 50 Church Street, Hudson Terminal Bldg., New York City, Monday, November 26th, at 10 A. M.

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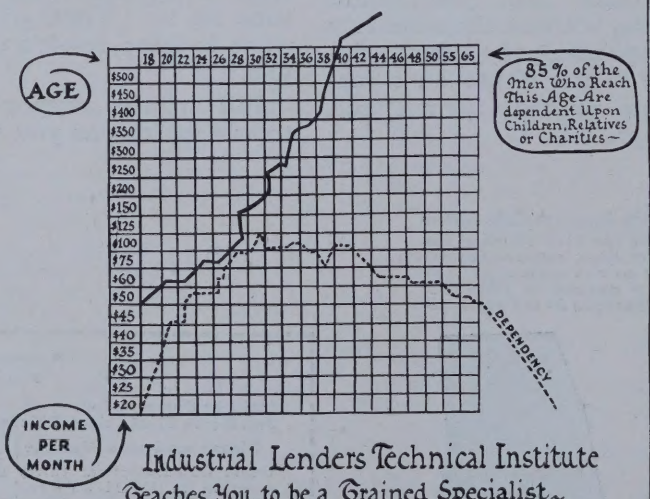
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The Small Loan Act

By Walter S. Hilborn* *Member of the New York Bar*

Reprinted from the American Bar Association Journal, November, 1928

Legislation intelligently conceived and iciently administered is rapidly solving e small loan problem in the United ates.

From time to time in every urban com- nity, lenders without conscience have gaged in the business of lending small ns—from ten to three hundred dollars ither without security or upon security an assignment of salary, or a chattel rtgage on household furniture without nsfer of possession, and charging in- est at rates ranging from one hundred l twenty per cent to two hundred and ty per cent per annum and sometimes excess of the higher rate. Sporadic islative efforts were made to prohibit regulate the small loan business and mately in 1910 the Russell Sage ndation established a Division of medial Loan to investigate the prob- . One result of its studies was the fting in 1916 of the Uniform Small an Law, which became the basis of the sting legislation in eighteen states.[1]

A specific treatment of the small loan blem was essential. Three possible hods have from time to time been d.

Prohibition of any loan at more than statutory contract rate.

Authorization of small loans at rate ier than the statutory contract rate n a limitation of profit to the lender.

Authorization of interest rate upon ll loans which would permit a com- cial profit.

he first two proposals have been tried found wanting.

egislation making void and criminal charge for interest in excess of the ventional statutory contract rate has by itself eliminated the "loan shark." result of prohibition alone has been destine extortion by the lender and lessness on the part of the borrower. law was not self-executing. The bor- er was ignorant of the protection af- led by the law and unable to compute interest charge correctly. By device subterfuge the excessive charge was ealed. Prohibitory laws did not pro- . And they were unwise. The bor- er of small sums had a need which to be satisfied. The small loan even n repaid could not be made without loss to the lender at the conventional statutory rate.

The second method was likewise attempted. Remedial loan societies were organized by men philanthropically inclined to charge less than the rate authorized by local law to small loan companies, and to limit the profit to the investor. Apart from the organizations lending upon pledges there are today about twenty-three companies with a combined capital and surplus of $4,966,527, making loans upon chattel mortgages, etc.,[2] organized upon this basis, and while semi-philanthropic organizers have rendered an important service they have not been adequate to supply the need of the small borrower. The New York statute,[3] which was intended to promote remedial loan societies, originally enacted in 1895, demonstrates the inadequacy of the remedial loan society to fill the small loan need. It authorizes a charge of two per cent a month plus fees on loans limited first to two hundred dollars and since 1920[4] to three hundred dollars, but limits the dividends payable to twelve per cent and then since 1920[4] to fifteen per cent. There are now but seventeen companies or brokers operating under charters from the New York Superintendent of Banks and their aggregate capital is $717,300. The remedial loan surely has not filled the small loan need.

Prohibition being impossible and remedial loans being inadequate, a third solution was planned to meet the need of the small borrower effectively; it was determined to be necessary to place the small loan business upon a basis, and to ascertain upon what basis it could be commercially conducted and thereupon to authorize the commercial small loan business by law. Such in brief was the origin of The Uniform Small Loan Law.[5]

Current small loan law legislation is based primarily on the Uniform Small Loan Law.

General legislation upon the legal rate of interest has been based upon either of two distinct principles. One, that money is a commodity and that the price to be charged for its use, i. e., the interest rate, shall not be limited by law, and two, that the maximum interest rate should be limited by law. England and Massachusetts have followed the first principle. Most American states have adopted the second principle and have established maximum rates of interest to be charged upon loans of money. Such general legislation was ineffective to curb the "loan shark"; in both groups of states, charging exorbitant rates upon small loans, he carried on his business—in the free contract states under the law, in the limited contract rate states in violation of law.

The Uniform Small Loan Law authorizing a charge not to exceed three and one-half per cent a month on unpaid balances, *limited* the rate of interest which could be charged on small loans in the free contract states and *raised* the rate chargeable on small loans in the other states.

The Uniform Small Loan Law recognizes the commercial necessity of the small loan business and prescribes a rate at which the business can be successfully conducted. It authorizes licensees thereunder to make loans not to exceed in amount three hundred dollars, to charge interest thereon not to exceed at the rate of three and one-half per cent a month on unpaid balances. The business is confined to licensees, who are thus under a degree of public control. But the licensing official (usually the Superintendent of Banks) must issue a license to any applicant who pays the license fee and files the required surety bond.

The method of conducting business is carefully regulated. It must be carried on in the name and at the place indicated in the license. The licensee may not collect interest in advance and, except recording fees necessarily and actually paid out, may make no further or other charge under any pretex or device. The charge of an attorney for drawing a chattel mortgage has been held to violate this prohibition.

In London Realty Co. v. Riordan, 207 N. Y. 264, the charge of an attorney for drawing a chattel mortgage was held to violate this prohibition:

"Section 314 forbids any person or corporation other than those organized pursuant to the article to directly or indirectly 'charge or receive any interest, discount or consideration greater than the legal rate of interest' for the class of loans specified. It then proceeds: 'The foregoing prohibition shall apply to any person who, as security for any such loan, use or forbearance of money, or for any such loan, use or sale of personal credit as aforesaid, . . . or who, by any device or pretense of charging for his services

*Mr. Hilborn was the original draftsman of Small Loan Act.

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or otherwise, seeks to obtain a larger compensation in any cases hereinbefore provided for.'

"The exaction of the ten dollars for expenses was a charge for services whether regarded as for the services of the lender or for those of its attorneys, and to fall within the inhibition of the act it is not necessary that it should be exacted as interest or as a cover for interest. It is sufficient that it is exacted as compensation. . . . I think that the case fell directly within the terms of the statute, not necessarily as a device for excessive interest, but as a charge which, under the statute, the lender is forbidden to exact either in its own favor or in favor of anyone else."

The licensee is further prohibited from charging any person, either as a borrower or guarantor, in excess of the normal statutory rate on loans above three hundred dollars in amount.

The lender must deliver to the borrower a statement of the amount and date of the loan, its maturity, the rate of interest charged, a printed copy of the section of the statute limiting the interest rate, and upon repayment of the loan, cancel and return all instruments delivered in connection with the loan. The licensee is prohibited from taking a confession of judgment or power of attorney or any incomplete or false instrument. If an assignment of wages be taken as security for any such loan, no more than ten per cent of the borrower's wage is collectible from the employer at the time of each payment of wages.

These safeguards have been developed in the course of time as the necessary protection to the borrower.

The licensee must keep such books and records as the licensing official shall require and must preserve his records at least two years. The books and records of licensees are subject to examination and the supervising official is entitled to access to the place of business, safe and vaults of licensees and may examine on oath any person with regard to the loan or business of a licensee.

Remedial legislation is not self-executing, and the Small Loan Law is provided with sanctions and a means of control. The right of supervision is the chief safeguard. A licensed lender is subject to periodic examination by the public authority, so that opportunity is given to uncover violations.

If a licensee violates any provision of the act, his license may after hearing be revoked, and it must be revoked if a licensee shall, after conviction for charging a prohibited rate of interest, make a subsequent overcharge and be a second time convicted. A license is easy to obtain but to retain it the licensee must observe the law.

In addition to loss of license, under the Uniform Small Loan Law a licensee who makes any illegal charge or who violates any of the other substantial requirements of the act is guilty of a misdemeanor punishable by fine and (or) imprisonment. Likewise, the act makes it a crime for an unlicensed person charge more than the conventional stat tory rate on a loan of three hundred d lars or less. The law thus establish suitable penalites for the licensee w charges in excess of three and one-h per cent per month and to the non-licens who charges in excess of the usual stat tory rate on small loans.

A recent amendment to the law is s ceeding in eliminating the latest subt fuge of the illegal lender. A group persons, "the salary purchasers," ha been engaged in the business of buyi a part of the earned but unpaid wages employees of large corporations. T "salary purchaser," so called, advan the employee a sum of money and tak in return *only* an assignment of a porti of the employee's wages covering the a vanced amount and usually ten per c in addition. The "purchaser" takes obligation from the seller of the wag only the assignment. The device is c vious and it is believed that most cou would declare the transaction no mat what its form a loan of money.

There are decisions to that effe and some which may be cited to the c trary[7] although carefully analyzed t do not so hold. But to remove any do a provision has been added to the L providing:

"Section 16: The payment of th hundred dollars ($300) or less in mon credit, goods or things in action as a c sideration for any sales, assignment order for the payment of wages, sala commissions or other compensation services, whether earned or to be earn shall be deemed a loan within the p vision of this Act secured by such signment; and the amount by which s assigned compensation exceeds such p ment shall be deemed interest upon s loan from the date of such payment to date such compensation is payable. S loan and such assignment shall be g erned by and subject to the provisions this Act."

This amendment has already stood test of a court proceeding and been forced according to its tenor.[8]

Obviously the small loan business c not be conducted at the conventic statutory rate. There are several v grounds for the higher rate. The s loan company lends cash—its maxim return is three and one-half per c monthly on its capital outstanding a loan balance. The commercial bank le not only its cash capital, but has avail its customers' deposits on which it p little interest and furthermore, its l are primarily of credit—not of cas and an interest charge of six per cent annum enables commercial banks to much more than six per cent on t combined capital and surplus. Furt more, the overhead and the operating pense is high because each loan is s in amount, preliminary investigation r thorough and the loan collectible monthly installments. Moreover, the on the small loan is greater; it usually for twelve months and is sec largely by character. It follows th was essential to the business to auth a rate higher than is prescribed for b and ordinary commercial loans. small loan business is a distinct e prise requiring special treatment.

The rate of three and a half per a month on unpaid balances was f after much experiment. A rate sought which would interest comme

apital to engage in the legitimate small oan business—in sufficient amount to atisfy the small loan requirements of very state requiring small loan service, nd it has not yet been demonstrated that ommercial capital will enter the small oan field if a lower rate is authorized.

The student of the small loan field has net the practical man of affairs in the mall loan business, and together they ave devised a law to fit the situation.

The Uniform Small Loan Law drafted n 1916 is still the model law—certain hanges have been made to make it more ffective. It is the basis of legislation in ighteen states: Arizona, Connecticut, lorida, Georgia, Illinois, Indiana, Iowa, ouisiana, Maine, Maryland, Michigan, Missouri, Pennsylvania, Rhode Island, ennessee,[9] Virginia, West Virginia and Visconsin. In addition, certain other tates have satisfactory legislation regu- ating the small loan business except that ney authorize a lower rate of interest. hus, New Hampshire[10] has substituted or the three and one-half per cent rate f the Uniform Small Loan Law, three er cent plus a fee of one dollar on mounts of fifteen to fifty dollars and of wo dollars on amounts of fifty-one to hree hundred dollars which may be harged three times a year. The fee ystem in any form is objectionable be- ause the true rate of interest charged is oncealed and because the true rate of in- erest varies with the amount of the loan. Iassachusetts,[11] New Jersey,[12] Oregon,[13] nd Utah[14] likewise have three per cent aws. The Ohio statute[15] authorizes li- ensees to charge three per cent a month n loans of any amount.

Two states, New York[16] and Colorado[17] ave satisfactory loan regulation so far s the prohibition of illegal loans are oncerned, but no legislation to authorize ommercial loans. Colorado has the Uni- orm Small Loan structure but authorizes censees to charge only one per cent a onth and a fee of one dollar four times year, and New York authorizes licensees o charge two per cent a month and fees.

Small loan legislation has met every ourt test. The right of the legislature o regulate the rate of interest generally as never been questioned. The Supreme ourt of the United States in Griffiths gainst Connecticut, 218 United States 63, at Page 569 said:

"It is elementary that the subject of the aximum amount to be charged by per- ons or corporations subject to the juris- iction of a state for the use of money oaned within the jurisdiction of the state s one within the police powers of such tate."

That case and Mutual Loan Company gainst Martel, 222 United States 225, stablished the principle that any regula- on of the loan business not "merely rbitrary" would not be interfered with y the court.

In the Griffiths case, the Connecticut tatute made it a crime for any person, xcept a National Bank or State Bank r Trust Company, to charge more than fteen per cent per annum on any loan ther than a "bona fide mortgage on eal or personal property."

The Supreme Court of the United tates upheld this classification and said:

"The power to regulate existing, the etails of the legislation and the excep- ons proper to be made rest primarily ithin the discretion of the state legisla- ure and 'unless such regulations are so nreasonable and extravagant as to inter- fere with property and personal rights of citizens, unnecessarily and arbitrarily, they are within the power of the State; and the classification of the subjects of such legislation, so long as such classification has a reasonable basis, and is not merely arbitrary selection without real differences between the subjects included and those omitted from the law, does not deny to the citizen the equal protection of the laws.'"

In the Martel case a Massachusetts statute making invalid against an employer any assignment of wages to secure a loan of less than two hundred dollars unless among other things it was accepted in writing by the employer, consented to by the wife of a married man and recorded, was held valid by the Massachusetts Supreme Court and by the Supreme Court of the United States.

The Supreme Court of the United States said:

"The (Massachusetts) court hesitated to say as at least one court has said, that a total prohibition of the assignment of wages would be valid, but justified the partial restriction of the statute on the ground that the extravagance and improvidence of the wage earner might tempt to the disposition of wages to be earned, and he and his family, deprived of the means of support, might become a public charge. It was pointed out besides, that his needs might be taken advantage of by the unscrupulous. The purpose of the statute are certainly assisted by the formalities which it prescribes as requisite to the validity of an assignment. . . . We cannot say, therefore, that the statute as a police regulation is arbitrary and unreasonable and not designed to accomplish a legitimate purpose."

The Uniform Small Loan Law has been held valid legislation wherever its constitutionality has been questioned,[18] and small loan legislation authorizing licensees to charge more than the conventional statutory rate on loans limited in amount have likewise been held valid.[19]

In People against Stokes, 281 Illinois 159, the Court in supporting the constitutionality of the Uniform Small Loan Law said:

"It is a matter of common knowledge, upon which the legislature is to be presumed to have acted, that in this state, at least, the taking of interest much in excess of the rate allowed by law was customarily practiced by those engaged in the business of making small loans, usually made under such circumstances to persons of small means, who by reason of their actual or supposed necessities are compelled to deal with and yield to the demands of those engaged in that business. And it may be the fact,—at least we are not advised to the contrary,—that the practice of exacting such oppressive rates of interest, is very largely if not entirely, confined to the class of persons and transactions referred to. There would thus appear to be a substantial difference between that class and others with respect to the rate of interest demanded and received. The act fixes a dividing line between the class affected by it and the persons and transactions ex-

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cluded, at the sum of $200.00.[20] It is evident that intending to cover the conditions above mentioned, a dividing line was necessary to prevent uncertainty, and in that respect much must be left to the discretion of the legislature. It would seem, indeed, that the maximum amount named is large enough to reach the practice deemed to be oppressive to the borrower and injurious to the public, and that a person requiring the loan of a larger sum would, ordinarily at least, be in a position of greater freedom in the matter of agreement as to rate of interest as well as in the selection of the person with whom to arrange for the loan. . . . The business is so well advertised and known that the legislature, we think, was justified in regarding and treating it, and the persons engaged in it, as constituting a distinct class in the field of financial operations and had the power to enact the statute herein questioned, to suppress the practice, conceived by the legislature to be oppressive and extortionate, growing out of the conduct of such business and such transactions. In our opinion, therefore, the statute is not unconstitutional on the ground of arbitrary or unreasonable classification. As a general rule it has a uniform operation for the reason that it applies equally to all persons in the class and under like circumstances and conditions."

One difficulty should be noted. In some states the rate of interest legal therein is fixed by the constitution.[21] Whether a modification of the Uniform Small Loan Law authorizing the constitutional interest rate and in addition as an investigation fee a percentage of the amount of the loan so that the interest plus the fees will not exceed interest at the rate of three and a half per cent a month will be held valid is problematical.

From this brief survey of the decisions, it is confidently predicted that, with the exception noted wherever the Uniform Small Loan Law is questioned, under either State or Federal Constitution, it will be declared valid legislation.

From the foregoing summary it is apparent that the Uniform Small Loan Law is rapidly becoming the law throughout the United States. Its enactment and successful operation furnish a striking illustration of the efficiency of the student of social science in the realm of current legislation.

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1. Arizona—1919 Session Laws, Chap. 91, p. 125. Connecticut—Public Acts 1919, Chap. 219 p. 2878, as amended by Public Acts 1923, Chap. 233, p. 3669 and Public Acts 1927, Chap. 233. Florida—General Laws 1925 Vol. 1, Chap. 10177 (No. 155) p. 346; Cumulative statutes 1925, Chap. 58 Sec. 2524 (13-30) p. 576. Georgia—8 Park's Annotated Code Supplement of 1922, Title 12, Chap. 17, Sec. 1770 (a-S); Acts 1920, p. 215. Illinois—Laws 1917, p. 553, as amended by Laws 1925, p. 454. Cahill's 1925. Revised Statutes, Chap. 74, Secs. 27-33. Indiana—Acts 1917, Chap. 125, p. 401 or 3 Burns Annotated Statutes 1926, Chap. 76, Art. 8, Secs. 9777-9782, p. 156. Iowa—Iowa Laws 1921 (39th General Assembly), Chap. 35, House File 436, p. 22; 1924 Iowa Code, Title 23, Chap. 419, Secs. 9410-9438, p. 1186. Maine—Maine Public Laws 1917, Chap. 298, p. 428, as amended by Public Laws 1919, Chap. 164; Public Laws 1923, Chap. 144, Secs. 140-141, p. 223. Maryland—Laws 1918, Chap. 88 as amended by Laws 1924, Chap. 115 p. 236; 2 Bagby's Annotated Code 1924, Art. 58 A Secs. 1-20 p. 2084. Michigan—Public Acts 1921, No. 317 as amended by Public Acts 1925 No. 181 p. 255. Cahill's Complied Laws, Supplement 1922, Sec. 6039, (1-20) as amended by 1925 Act above. Pennsylvania—Acts 1915, No. 432 Public Laws 1012-1016, as amended by Acts 1919, No. 186; Public Laws 375, 381 or Pennsylvania Statutes 1920, Secs. 14112-14121, p. 1385. Rhode Island—Rhode Island Public Acts 1923, Chap. 2312, p. 24 as amended by Public Acts 1927, Chap. 1060. Tennessee—Public Acts 1925, Volume 2 Chap. 153, p. 5 (S.B.355) Secs. 1-21. Virginia—Acts 1918 p. 502, as amended by Acts 1920 Chap. 299 p. 414; as amended and re-enacted by Acts 1922, Chap. 300, Secs. 1-22 p. 502. Code of 1924. Chap. 166 C. Sec. 4168 (38-57) p. 952. West Virginia—Acts 1925, Chap. 91. Cumulative Statutes 1925, Chap. 96, p. 463. Missouri—Session Laws 1927, p. 252. Wisconsin—Laws of 1927, Chap. 540. Louisiana—Enacted 1928.

2. Work of Remedial Loan Societies 1927-1928, published by National Federation of Remedial Loan Societies.

3. New York Laws 1915, Chapter 588.

4. New York Laws 1920, Chapter 703.

5. Russell Sage Foundation publication R. L. 40.

6. Wilmarth vs. Heine, 137 App. Div. (N. Y.) 526; Rosenbusch vs. Frey 5, N. J. Miscellaneous Report 312, 136 Atlantic Reporter 711; Tennessee Finance Co. vs. Thompson, 278 Federal 596; Wilson vs. Fisher, 75 Misc. (N. Y.) 383, affirmed 155 App. Div. 877.

7. Tollison vs. George, 153 Ga. 612; King vs. State, 136 Ga. 709; Jacobson vs. State, 5 Ga. App. 177; Atlantic Joint Terminal Co. vs. Walton, 29 Ga. App. 225.

8. Palmore & B. & O. R. R. Co. et al. Court of Appeals Maryland, April Term 1928 decided June 21, 1928.

9. The Tennessee statute because of constitutional provisions limiting the interest rate to six per cent per annum authorizes an interest charge of one-half per cent per month and fees etc. equal to but not to exceed three per cent a month on actual balances.

10. New Hampshire, Laws 1917, Chap. 228, Secs. 1-6, p. 792; 2 Public Acts 1926, Chap. 269 Secs. 1-29, p. 1063.

11. Massachusetts, Acts 1911, Chap. 77, Secs. 1-25, p. 882, as amended by Acts 1912, Chap. 675, Sec. 2; Acts 1913, Chap. 347, Secs. 1-2 p. 293; Acts 1916, Chap. 224, p. 199; Acts 1919, Chap. 350, Secs. 45-51, Part 3; Massachusetts General Laws 1921, Chap. 140, Secs. 96-114, p. 1429.

12. New Jersey, Laws 1914, Chap. 49, p. 75; 1 New Jersey Cumulative Supplement, Compiled Statutes, 1911-24 Sec. 35 (13-21) p. 359.

13. Oregon, Laws 1915, Chap. 219, p. 286; Olson's Oregon Laws 1920, Secs. 6308-6321.

14. Utah, Laws 1917 Chap. 41 (H. B. 44) Secs. 1-12, p. 116; Compiled Laws 1917, Title 81, Chap. 2 Secs. 4380-4389, p. 889.

15. Ohio, Laws 1915 p. 281 Secs. 1-3 Laws 1917 pp. 506-509; 1 Page's Annotated General Code 1926, Chap. 25 A. Sec. 6346 (1-12) p. 2493.

16. See notes 3 and 4.

17. Colorado Laws 1919, Chapter 159.

18. People vs. Stokes, 281 Illinois, 159; Badger vs. State, 154 Georgia, 443.

19. State vs. Wickenhoefer. 6 Penn. (Delaware), 120; State vs. Sherman, 18 Wyoming, 169; Reagan vs. District of Columbia, 41 Appeal Cases (District of Columbia), 409; Commonwealth vs. Puder, 261 Penn. State, 129; Dewey vs. Richardson, 206 Massachusetts, 430.

20. The loan limit in Illinois has since been raised to $300.

21. Index Digest of State Constitutions, p. 794.

PERSONNEL OFFICERS FIGHT LOAN SHARKS

T. S. Florence Is Elected Chairman of Permanent Conference

Condemnation of the practice of assisting employees in refinancing themselves with cash credit of any sort, either from company loan funds, banks, industrial loan organizations or credit unions, if the funds are to be used in the payment of illegal claims, particularly usurious claims, was expressed in resolutions adopted Friday night at a conference of treasurers and personnel officers of the larger business and manufacturing concerns.

The meeting, held at the chamber of commerce, resulted in organization of a permanent conference with T. S. Florence, of the Fulton Bag and Cotton Mills, as chairman, and George Kinsman, of the Southern Bell Telephone and Telegraph company, as secretary. Another meeting was called for November 28th, to hear reports on adoption of the conference's recommendations by the various concerns.

In the recommendations adopted by the conference, it was held that re financing of usurous or other illega claims "capitalizes and sustains the opera tions of loan sharks and bootleggers o credit, and is forbidden by Georgia law as against public policy." The recom mendations asked each establishment t set aside a sum equivalent to 10 cents fo each employee on current payrolls for th maintenance of the legal aid and anti loan shark committee of the junior cham ber of commerce.

The conference adopted resolutions o a smiliar conference held on Februar 28th by the executives and counsel of th transportation companies of Atlanta, a a guidance for the treasurers and per sonnel officers, it having been pointed ou that the transportation conference reso lutions have been largely responsible fo reduction of the loan shark companie operating in Atlanta from approximatel 100 to approximately 30.

A special committee from the con ference of treasurers and personnel of ficers will urge upon the 200 larges establishments represented at the con ference the adoption of the recommenda tions, and will report at the Novembe 28th meeting.

Represented at Friday night's con ference were: Nunnally's, Southern Be Telephone Company, Pullman Compan Davison-Paxon Company, the retail mer chants' organization, the packing house the insurance companies, etc.—*Atlan Constitution*—Nov. 10, 1928.

GROWTH OF INDUSTRIAL LENDERS' ASSOCIATION SHOWN AT CONFERENCE

An attendance of 150 at the all-da meeting of the Pennsylvania Industri Lenders' Association in the Bellevu Stratford, November 14th, indicated th steady growth of this organization. Th annual meeting was followed by banquet.

At the midday luncheon members a their guests were addressed by Ralph Westing, director of public informatio Pitcairn Aviation, Inc. His subject w "Aviation Ten Years Ago and Today."

Addresses were made in the afterno session by Charles H. Watts, preside of the Beneficial Operating Bureau, In of New York, and Colonel G. J. Badg chairman of the American Industr Lenders' Association.

"The Changing World of Financ was described at the evening banq by Luther Haar, of the Wharton Sch of Finance, University of Pennsylvan

The association was organized D cember 3, 1915, in this city, Pennsylva was one of the first States in the Uni to enact what is known as the Unifo Small Loan law, framed by the Russ Sage Foundation on the findings of commission of economists, sociologi and financiers for the protection of b rowers of small sums from extortion interest rates.

Election of officers resulted as f lows: Chairman, A. V. Hart; vice-cha men, V. D. Moss and C. W. Loupe, Pittsburgh; secretary, W. S. Herr treasurer, J. F. Devine, and chairman the executive committee, C. H. Watts, New York City.

Weathering Rainy Days

By Leon Henderson and Rolf Nugent

Reprinted from Survey Graphic, November, 1928

Most families find themselves faced with some legitimate reason for seeking loan at least once in every two years. The need to borrow is by no means a ign of shiftlessness or, in well-ordered ouseholds, the result only of major atastrophes. Aside from sudden emer-encies, such as death, illness, or unem-loyment, there is the secondary necessity o maintain a desirable standard of living, hich may include home-buying, insur-nce, education, vacations and general amily welfare. The growing indus-rialization and urbanization of the coun-ry has increased some of these needs, hile at the same time it has become ore difficult for the middle-class city amily to get credit from the bank than as the case in small towns when a man as more likely to own his own home or is business on which he could raise oney quickly, or at least was known to is banker personally so that a reputation or reliability was in itself an asset.

When Arthur Ham began his work in emedial loans for the Russell Sage oundation twenty years ago, two phases tood out most prominently as indicating he effect of credit, or lack of it, on amily life. First there was the long line f loan-shark victims to bear tragic testi-ony of the ruinous rates exacted from orrowers who had been obliged in des-eration to accept their terms. Second, ss dramatically presented, but none the ss significant, were the family failures aused by inability to obtain emergency nds at any cost. It was obvious at that me that a considerable number of these amily wrecks could have been prevented credit had been available quickly and mply to meet these crises—which occur ftener than we are willing to admit.

Have conditions improved in this score f years? Has the average family an op-ortunity today, in necessity of getting redit on terms that will allow it to re-ain solvent?

In most industrial centers, yes, but peaking of the nation as a whole, the arket would be said to be "spotty." In ery few states has any complete con-mers' loan system been established that geared to the necessities of the family d the evidences of credit worth it can ffer. West of the Mississippi and in any southern states, the loan shark, with ll his barbarisms, thrives as never be-re. Economic substitutes for him are ite dependent upon legislation, and the rogress of law—slow of its own nature -is further slackened by high expend-ures of loan-shark lobbies. Loan sharks, r example, used a staff of twenty-five bbyists in unsuccessfully opposing gulatory law introduced in the Louisi-a legislature last spring.

A conservative estimate of the number f loans made in New York City, in 927, brings us to the staggering total f two million individual transactions—l made by consumer loan agencies other an banks. Pawnbroking still accounts r the largest number, approximately e million. Almost half of these loans, 5,000 by number, were made by that mi-philanthropic agency, the Provident oan Society. Another half-million loans were made by commercial loan companies operating under the so-called investment company section of the New York banking law. These loans were made on the security of endorsed or comaker notes. The other half-million loans were scattered among credit unions, personal loan companies, loan sharks, axias (voluntary mutual loan societies), the Hebrew Free Loan Society, employer funds, churches, and so on. To these figures might also be added the large number of loans for family emergencies made by friends or relatives of which this estimate has taken no account.

If we accept ten million roughly as the population of New York City, one loan was made by extra-banking agencies for every five residents of the community. A considerable allowance must be made here for duplication because thousands of borrowers are obtaining loans from more than one of these sources and many have outstanding loans in five or six, perhaps extending to all types of credit-dispensing agencies.

What the interested observer would like to know is the extent of unnecessary borrowing. If he knew this, he could better estimate the effect of the expansion of consumer credit on family life. What a state of bewilderment must be that of a household head whose only resort before the War was the loan shark when he is literally beseeched today by finance companies, installment houses, industrial banks, personal loan companies, and pawnbrokers, to accept the very credit that he imperatively needed before; and to know also that there are banks, mortgage companies, building-and-loan associations, axias, life-insurance companies, and the like, willing to extend credit also.

Will this tremendous appeal break down all caution and thrift, to develop a nation of debtors and chronic borrowers, or will it develop a race expert in family finance? Easy credit, and just plain credit without any trimmings, is undoubtedly ruining many families, but the average group seems to be doing a better piece of family engineering, to be planning its course much better than before, with the judicious aid of credit.

Perhaps the most amazing thing about the extension of loans of small sums of money to families in budget distress is the relatively insignificant amount of damage done to the family structure by the terms of the loan. The commercial, state-regulated loan companies, all of which of necessity charge fairly high rates, are direct cause of very little work that comes to the social agency. Many borrowers are insolvent when application is made for a loan—many are out of work, sick. Others are living beyond income or carrying too many installment contracts. In any event, the loan company usually must work out a Dawes plan for the family and act as director general of reparations. Not a little of the high cost of family credit is spent in the eternal and everlasting insistence by the loan company that the family live on less than before, that it repay the loan, with its stiff interest, and most of all, that it get out of debt.

One very real evil of consumer credit, and one which can be measured in any family, is the loss in standard of living occasioned by the high cost paid for credit. Interest, finance charges, bonuses, and discounts all decrease the purchasing power of family income.

Barring the undue advantage which loan sharks, mortgage sharks, and installment sharks take of their strong bargaining positions, the price of family credit tends to approach a business cost. In other words, the automobile buyers pay from 28 per cent to 35 per cent for credit (and insurance) because the legitimate cost of doing this type of business in our specialized finance company way is about that. The second-mortgage borrower pays from 15 per cent to 60 per cent—often higher—because usury laws prevent second mortgages from freely finding their market worth. The customer of the industrial bank, who furnishes endorsers, pays from 17 per cent to 35 per cent, and often more, because this type of business cannot be done with commercial profit for less, except by banks of deposit which are now entering the field. If the borrower has nothing but wages or chattels to offer as security, he is charged even more, usually from 3 per cent to 3½ per cent a month on unpaid balances, because this is the rate necessary, under present conditions, to bear the costs of money, investigation, risk, collection, and the like. In many communities, there are no industrial bankers or chattel lenders, or personal loan departments of banks, so the loan shark takes the risk—and the borrower, as usual, pays the freight, usually at the rate of 20 per cent a month.

We have checked cases in which interest charged by loan sharks absorbed 10 per cent of family income, whereas even the most expensive legitimate loan will seldom divert more than 1½ per cent of income for interest.

None of the legitimate credit costs just mentioned will ruin the average family—unless its credit is over-extended. No scheme of borrowing ever devised will

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

William Heuer, President, Union Savings Bank & Trust Co., Davenport, Iowa:

"For the banker, every word of Mr. Ryan's book is worthy of careful reading."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

correct an unbalanced budget or save the weak from indulgence. In the university of hard knocks, two new courses for family financiers ought to be added, under competent professorships, on "judicious use of credit" and "cost of family credit."

Interest rates are not particularly significant in family finance—what counts is the amount of wasted purchasing power. Compare the money costs of various standard loan plans, including the "industrial" loan system already in force in a few banks and now under consideration in others, whereby small sums may be borrowed with wages or endorsing comakers as security and repaid in installments. Such a system may make bank credit more easily available to ordinary people than in the old days of personal banking. Based on $100, repaid in about a year, the Amalgamated Bank in New York City will charge you $4, the National City Bank's plan net cost is $4.63, the Morris Plan is 8, the credit union is $5.90, the Provident Loan Society (pawn loans) is $6 if regular installments are paid or $12 if the loan is not amortized. Across the river, a chattel loan costs $16.50. In these days of 22-cent gas, 75-cent movies, and 35-cent sundaes, none of these charges is ruinous. But the New York taxi driver has often paid $40 in six weeks for $100 of credit to keep his means of livelihood awheel, and the salary-buyer victim about $240 in a year for the temporary use of $100, and is sued for principal in the bargain.

It is most significant, though, that with the present volume of credit per family, the average family can save two or three weeks' income by doing its own banking or establishing its credit so that it may borrow cheaply and buy for cash. Three hundred dollars in a savings bank will yield only from $10 to $12 interest annually, but used in an emergency it saves from $50 to $60—thereby earning a huge interest rate. One hundred dollars invested in credit-union shares pays about $6 in dividends, but it is the base usually of $500 quick credit. Similarly, investment certificates of reputable industrial banks and jewelry afford immediate loan value.

But what agency for the emergency occurring in the family that has not been thrifty—or lucky—in accumulating jewelry, securities, or credit? A credit union, where these mutual loan and thrift organizations exist, is the first recommendation. In many cities, Hebrew Free Loan Societies supply a type of family credit that cannot be duplicated. Next in consideration are the licensed or chartered commercial loan companies, either those making loans on endorsers or on the security of wage assignments or household effects. In most industrial communities there exist state-regulated and supervised loan companies to make loans on these bases, and endorsed-note loan plans by banks are increasing in number rapidly. As pointed out before, endorsed-note loans are cheaper than chattel loans, and since endorsement is guarantee of payment, borrowers should exert every effort to avoid forced payments of the loan by friends, which usually results in bitterness, not to mention extra cost. If the loan is not paid, the industrial banking concern has the legal right, usually exercised, to sue for recovery from any or all parties to the note.

Chattel loans, sometimes known as personal loans, are secured by chattel mortgage on household property and the signatures of both wife and husband are required. In event of non-payment, the loan company may possess the articles mortgaged, sell them, and hold the borrower accountable for any deficits. This right is rarely exercised, though it is a legal possibility, and is a keen-edged weapon for collection.

Commercial loan companies of all kinds, as well as banks, are in business to make money and are as dependent upon good-will for continued prosperity as other types of business. They must keep their money "out" and as a result borrowers and prospective borrowers are usually campaigned pretty actively to apply for loans. Strange to say, the successful loan company does not hesitate to reloan to borrowers with whom they have had difficulties in collection previously—knowing full well that the borrower has learned something of meeting his obligations by installments. Neither do loan companies hesitate as a matter of good business to make loans for twenty months. This keeps the money "out," brings in more interest, but is practically the only means by which the borrower of average income may amortize a relatively large loan from current wages. A normal loan, usually under $300, should be repaid within a year, and the borrower should beware of longer term contracts, except when the family budget will not permit a loan to be paid within a year, in which case it is better to have a sensible and exact obligation than to bother with costly and uncertain renewals.

Any study of the effect of consumer credit on family welfare is but a collateral study of the effect of modern business methods on society. Social agencies wishing to observe credit phenomena have two accurate sources at hand—the records and the observations of the United States referee in bankruptcy in the district and the local credit exchange bureau. Just last year, 18,000 individuals went the bankruptcy route. Bankruptcy courts, instead of the last resort of business men, are becoming the "courts of the dusty feet" *(curia pedis pulveribati)*, as the lower courts were known in the days of Blackstone. In the bankruptcy records often will be found petitions from workingmen of the $2,000 to $2.500 income class seeking relief from loan-shark, installment and professional-service debts aggregating one to two years' salary. Examinations of bankruptcy records of several cities, includ Topeka, Kansas City (Missouri), Louis, and New Orleans, have been m by staff members of the Department Remedial Loans. In New Orleans, example, 40 of 74 filing bankruptcy p tions in the first four months of 1 were workingmen. The average num of debts sought to be discharged by th 40 petitioners was 17, and the aver value was about $940. Thirty of the fo individuals listed loan-shark accou averaging $650, on which the average terest was $130 per month. One m sought relief from loan-shark accou amounting to $2,250. It is probable t a large portion of the borrowing fr loan sharks was induced by over-ext sion of retail credit, and that the inter payments in the end prevented paym of legitimate debts.

At best, consumer credit is costly, a dangerous to a portion of society vo ciously hungry for new and more goo and services, whose appetite is whet with all the lure engendered by high-pr sure advertising and salesmanship. Ca good old hard cash, has a premium j now that puts our present high prices call- and time-money 'way in the sha The best advice to those about to borr is still, of course, "don't"—but it is rat silly, not to say futile, to tell to a gene tion steeped in running its personal affa on tick that credit is to be restrict Just as the gasoline age has brought a ditional problems, so will case-wo agencies be plagued with improvid families suffering intense internal pa induced by gorging on easy credit. Cre will play an increasing part in fam finance, and the prime concern of soc workers probably will be to assist fa ilies to handle their affairs so that dollar earned pays for perhaps ninety-f cents' worth of value obtained via t "charge it" plan, rather than about eig ty-five cents' worth, as it is at present with the family dealing in second mo gages, installment contracts and mon lenders.

United States efficiency in installm finance will have several foreign reco for comparison. Our average cost higher than that of Austria, Italy, a Roumania. We will have considera difficulty in "beating the Dutch" beca the lowest flat rates for installment cre —from 5 per cent to 7 per cent—are be found in the Netherlands, approac only by the low rates existent for "hi purchase" credit in the United Kingdo

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Thirteenth Annual A. I. L. A. Convention held at Indianapolis, September 14, 15 and 16, 1927. Membership Directory, Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 194 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co, Springfield, Mass. Information upon request.

MORRIS PLAN CONVENTION

The growth of the Morris Plan Bank s brought strongly to attention by the tober convention of the Morris Plan nkers' Association at Richmond.

The billion dollar mark in loans has en passed, and millions of dollars' rth of Morris Plan Certificates are in hands of the public.

This type of banking is being successly operated in nearly every state of Union. Many new angles of service re discussed and voted upon by the vention.

Even Europe has focussed attention on Plan. Several executives have retly been invited to confer with foreign nkers and there are many letters from sons abroad showing interest in it as result of its success in this country.—*tion's Business*—Nov., 1928.

ERVICE OF THE SMALL LOAN DEPARTMENT

Small Loans Departments instituted retly by several prominent banks of the ntry for the accommodation of small positors and salaried people, have permed more than one invaluable service the growing clientele served. They ve, of course, afforded the necessary edit accommodations to struggling me owners or those beset by misfore and in need of immediate funds. ey have eliminated the necessity for sorting to the loan sharks and other encies which extract usurious rates of erest. But perhaps their greatest servhas been the inculcation of a saving bit among the borrowers—among peowho were previously not only unable save but were perennially in debt. deed the plan under which credit facies are offered has been set forth by re than one bank as an adjunct of a vings account; for after all this is the ly profitable angle of the small loan siness from the bank's standpoint.

Regular deposits are made at the time t repayments are due and an encouragg savings balance is achieved by the e the indebtedness is discharged. Even thout this saving plan, however, the actice of making periodical visits, usuy weekly, to the bank establishes a luable contact and engenders a systemc accumulation of repayment funds at st. This regularity is the basis of the rift idea and a fair, and growing prortion of borrowers open or continue a vings account after the loan has been mpletely paid off. This has the double vantage of beginning a sound saving actice and also reduces the possibility at recourse to future loans will be cessary. For the individual who mainins a savings account, has set up his n reserves and has become, to a limited tent, his own banker. If he is constent in maintaining a saving program, ture emergencies or even anticipated ed expenses may be met from his own count at a saving in interest and at a arked gain in financial independence. here is a satisfaction in being your own editor.

FLORIDA

The regular quarterly meeting of the orida Industrial Lenders Association as held in the office of the Personal ance Company of Tampa, on September 1928.

The minutes of the previous meeting were read and on motion duly seconded, were approved.

The following members were present and answered Roll Call: J. K. Reid, of the Economic Loan Company, W. C. Tinsley, of the Mutual Finance Company, Mr. Charles G. Sensey of the Domestic Finance Company, John J. Murry and W. E. Davis of the Beneficial Loan Society of St. Petersburg, Mr. Lovesky, Gus Bryan, A. T. Sanchez and J. J. Gallagher of the Personal Finance Company.

We are also happy to welcome as our guest Mr. Sol Jacobs of the Personal Credit Company of Tampa.

The treasurer reported a balance of $237.16 with all bills rendered paid.

Chairman Tinsley of the vigilance committee gave an interesting report of his activity and cited an example where with the aid of our tax collector, he entirely eliminated a "local Loan Shark."

On motion duly made and seconded, the resignation of J. R. Standring, secretary, was accepted with regret and thanks for services rendered.

On motion duly made, seconded and carried, John J. Gallagher was elected to succeed J. R. Standring as secretary.

On motion of Mr. Tinsley, seconded by Mr. Murray, the application for membership of the Personal Credit Company of Tampa, was accepted and the company was made a member of the Association.

Mr. Reid then presented to the members, Mr. Lovesky, asking that he discuss the topic "Getting New Business and Reducing Collection Costs," with the simplest, and most attractive and the newest methods. This he did in a way so interesting, so instructive and so thorough that he made a profound impression and aroused so much enthusiasm that a general discussion resulted, each member present availing himself to the privilege of unlimited debate.

On motion of J. R. Reid, seconded by W. C. Tinsley, a zealous applaud was extended to Mr. Lovesky for his exceedingly interesting and beneficial talk.

Mr. Sol Jacobs talked briefly on the growing demand for a Credit Exchange among the local lenders, to prevent doubling-up.

On motion by D. C. Tinsley, the members were urged to jointly contribute to the unfortunate people caught in the hurricane zone. After some discussion, was ruled unconstitutional by Chairman Reid.

On motion by W. C. Tinsley, the Association was urged to contribute to the worthy cause. After consideration by the members, it was decided that due to the financial capacity of our Association, our contribution would be of little consequence, and it was suggested that each member make an individual donation.

On motion duly made and seconded, this meeting adjourned.

J. J. GALLAGHER, *Secretary.*

VIRGINIA

The regular quarterly meeting of the V. I. L. A. was held at the Elk's Club, Roanoke, Virginia, on October 11, 1928. A very delightful luncheon was served in the assembly hall of the Elk's Club at 12:30. The business meeting followed immediately thereafter.

There were many matters of importance discussed at this meeting. The main issue being the local exchange Bureaus to be formed in each city in the State. It was reported at this meeting that Norfolk and Richmond had organized a local Exchange Bureau and expected to have same in operation on or before November 1st.

Roanoke has at present a 100% Exchange Bureau in which they clear by messenger. In so far as this bureau is

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10 South Market Square
HARRISBURG, PA.

functioning so perfectly it was decided not to interfere with it by attempting to organize a central bureau.

Reports of all the committee chairmen were received and indicated progress.

On motion duly made, seconded and carried it was decided to designate the third Thursday in January, April, July and October as permanent meeting dates for the Association in the future.

The next meeting of the Association will be held in Richmond, Virginia, the third Thursday in January, 1929.

L. E. Pope, *Secretary.*

ILLINOIS

Members of the Illinois Industrial Lenders Association held their regular quarterly business meeting at the Hotel La Salle in Chicago, October 25th.

Dinner was served in the East Room to 92 members and immediately following, the business meeting was called to order by President Albert P. Snite. He complimented our members upon their generous response to the call for funds sent out by the Chicago Association of Commerce for the Florida relief work and announced that subdivision 55 composed of Licensed Lenders were the first to report and turn in the amount called for.

Our members also donated $125.00 to the Salvation Army drive for funds to carry on their work.

Satisfactory reports were made by the treasurer and the secretary and the secretary reported 98 members with only two delinquents. (Delinquents please remit.)

Charles R. Napier spoke to the members regarding several matters of interest, and a report was made by the Secretary regarding the A. I. L. A. Convention at Grand Rapids.

The following new members were voted upon and accepted: Progress Finance Corp., Chicago; Metropolitan Loan Assn., Kewanee; Metropolitan Loan Assn., Canton; Metropolitan Assn., Peoria; Beneficial Loan Society of Chicago, Chicago; Beneficial Loan Society of Chicago, Chicago; Personal Finance Company of Evanston, Evanston; Personal Finance Co. of Belleville, Belleville; Personal Finance Co. of Alton, Alton.

We enjoyed a real dinner, discussed a number of matters of interest and finally adjourned without the assistance of Charlie Turgrimson, becauz Charlie went duck shootin.

Next meeting, Chicago, January 31st.

J. H. Sanderson, *Secretary.*

GEORGIA

The Georgia Association held its regular quarterly meeting October 26th at the Hotel Dempsey, Macon, Georgia.

This might well be considered the best meeting we have held during the year from the viewpoint of attendance and interest displayed by the members. Out of a total membership of twenty there were sixteen present.

Speakers on the program could not have been better chosen. Roy Neal, of the Chamber of Commerce welcomed the delegates on behalf of the City of Macon. Thos. Halliburton, Banker and otherwise prominent in business activities during his talk proved to the members that he was not only versed on Commercial Banking business but was well acquainted with the Industrial Loan business as conducted by members of our Association. Harry Strozier, prominent attorney in Macon and one who has been more or less interested in the Uniform Small Loan Law since its enactment in Georgia gave a very interesting talk stressing upon the importance of the Association as a body or the members individually keeping their names and purpose of their business before the public in order that the public may differentiate between the Uniform Small Loan Law and the illegitimate lenders. This matter has been brought before every one of our meetings and it is one that should receive serious consideration and unanimous approval of the entire membership.

The Savannah delegation presented a half a dozen invitations that we hold our next meeting in their City. Invitations came from the office of the Mayor, Savannah Board of Trade, Kiwanis Club, Lions Club, and the Civitans Club. All of these letters expressed an eager desire that our meeting be held in Savannah and assured us of their hearty coöperation.

A motion was made and properly seconded that our next meeting which incidentally will be the time for holding our annual banquet be held in Savannah. The membership voted almost unanimously in favor of holding this meeting in Savannah. The date decided on was January 26th. This will give the visitors an opportunity of viewing Savannah Sunday, leaving there Sunday night reaching their homes Monday morning.

Chas. T. Dismer, *Secretary.*

WASHINGTON

Members of the Washington Association Industrial Lenders met at the Marcus Whitman Hotel, Walla Walla, October 20, 1928, at 10 a. m. The president, J. M. Todd, presided. The following Industrial Loan Company Managers were present:

Bennett Baldy, J. M. Shelley, W. D. Davis, W. H. L. Ford, E. M. Fisher, W. E. Hogan, J. W. Todd, M. B. Hill, R. H. Simmons.

The minutes of the organization meeting held on June 23, 1928, at Vancouver, were read and approved as read.

The first matter of business taken up was the Uniform Small Loan Law. Inasmuch as Bennett Baldy had attended the National Convention at Grand Rapids, he was asked to report to the meeting as to what he learned there. Mr. Baldy gave a very fine talk on industrial loan conditions in the East and explained to those present how necessary it seems for Washington to have the Uniform Small Loan Law. He also emphasized the fact that there were many loan shark operators in this state, and that there would be much opposition to the law, making it necessary for any organization or group of men sponsoring the act to be prepared to put up a good fight. A motion, introduced by M. B. Hill, seconded by W. E. Hogan, was placed and carried providing for an effective organization to handle legislation.

It was next decided by the members assembled to adopt a constitution and by-laws for the Washington Association. W. E. Hogan, E. M. Fisher and M. B. Hill were appointed on the committee to recommend a constitution and by-law to the members assembled. A recess wa granted for this committee to follow ou the instructions given. The committe returned and recommended that Washing ton adopt the Pennsylvania Associatio Constitution and By-Laws, with tw amendments; namely, that the annu dues be ten cents per thousand of the ne outstanding loan balances and that th executive committee be composed of fiv men. The recommendation was approve and the constitution and by-laws adopte and the secretary was instructed to hav them printed up to submit to the mem bers.

By motion passed the President wa instructed to appoint two men to fill ou the executive committee, consisting o President, Vice-President, Secretary Treasurer and two others. Accordingly E. M. Fisher and J. M. Shelley wer duly appointed. The date of the nex meeting was temporarily set as Novem ber 10th in Seattle. There being n further business, the meeting adjourne at 4 p. m.

M. B. Hill, *Secretary.*

BANKERS NATIONAL FIRST ANNIVERSARY

Anniversary of first policy written show a proud record.

November 3d closed the first year o Bankers National Life Insurance Co. o New Jersey. The first policy was writ ten on November 4, 1927 and final figure show a total of business in force amount ing to $10,506,206, representing a total o eight thousand policyholders. These figure are not only very interesting and signif cant for a new company but as far a company records can be traced, appear t be a record never before equalled or sur passed. Total outstanding business t date is thirteen million dollars. Startin in virgin territory with but a Home Of fice nucleus, the Bankers National Lif Insurance Company of New Jersey hav established representation in 18 state and agency plants operating in 15, a tota representation of over 300 agents. A fe of the cities from which a substantia volume of business has originated are a follows: Jersey City, Newark and Pater son in New Jersey; Chicago, Springfiel and Rock Island in Illinois; Indianapolis Ind.; Bay City, Mich.; Philadelphia, an Wilkes-Barre, Pa.; Baltimore, Md. Providence, R. I.; Louisville, Ky.; Toled and Cincinnati in Ohio; Charleston, W Va., and northern part of Maine is wel represented. Within the next year a ver promising agency setup is in store i many other localities throughout th states, in which the New Jersey compan is licensed.

This remarkable showing is confine almost exclusively to ordinary business— the company not writing any Industria business—with a comparatively smal amount of group and special "Borrowers Protection" insurance. The maior par of the business written is on the Ordinar or Straight Life basis and Long Ter Endowment. A specal contract with flex ible features known as "Modernize Systematic Savings" plan has been on of the most attractive contracts with very large resultant sale.

The average sized policy (Ordinar only) is over $3,400, which also is ver favorable for a one year old company

'he policy of the company is one of oyalty, coöperation and service to the eld and public, which has proven to be ttractive to the producers and resulted a very fine type of representative agent ho appreciate the progressive make-up the company.

The company is in the very capable ands of leading executives well ground- l in Life Insurance and well known in e financial world. Its president, the Hon. idge Richard H. Lee, is an attorney of nown, a well-known financier and for- er leading advertising man, and is also airman of the Finance Committee. Mr. . R. Lounsbury, Executive Vice-Presi- nt and one of the founders of this mpany, as well as Bankers National ife of Jacksonville and Bankers Na- onal Life of Denver, the sister com- nies of the New Jersey company, is so president of the two last named mpanies. Mr. Lounsbury, directly in arge of all companies, also organizing d supervising the field forces, is also sisted by his Asst. Supt. of Agencies, r. George Ramee, a former Mutual fe of New York representative and perienced New York Life Insurance an. Col. H. G. Austin, vice-president d agency head in charge of the Chicago anch office, formerly president of Old olony Life of Chicago, is another able sistant to the fast-growing company. ney also have another experienced hand the state of Michigan, Mr. F. F. Mc- nnis, former president of Agricultural fe and acting in the capacity of Supt. Agents of the Western Division. The easurer of the company, Mr. J. M. ebb, of many years' experience with onnecticut Mutual Life, has contributed eatly to the upbuilding of this com- ny and has aided in practicing the licy of whole-hearted understanding of e field man's problems. Mr. S. H. illiams represents the company as uthern Supervisor, as does Mr. Hugh anson located at Columbus, Ohio, both whom are doing their part in establish- g and organizing their field forces, nich are expected to be of considerable gnitude before another year is over. The three companies of the Bankers' ational Group show a very rapid owth and have increased the total busi- ss in force from $17,250,000 at the ening of 1928 to a total of $35,000,000 pproximately) to date. The Denver mpany had in force as of October 31, 28—$14,372,000—Jacksonville total in ce ending October 27, 1928—$11,157,- 0. The Denver company has recently oved its headquarters to Kansas City, o., to be more centrally located in its otted territory and four new members ve been added to the Board of Di- tors.

GEORGE RAMEE,
Asst. Supt. of Agencies.

WASHINGTON

A meeting of the Washington Indus- al Lenders Association, was held in Savoy Hotel, Seattle, Washington, turday, November 17th.

The following were present: J. W. Todd, Surety Finance Company, ncouver, Wash.; Jas. Thompson, rety Finance Company, Seattle, Wash.; alter Davis, Surety Finance Company, erdeen, Wash.; W. A. Davis, Surety nance Company, Centralia, Wash.; E. Fisher, Surety Finance Company, Yakima, Wash.; Mr. May, Surety Finance Company, Tacoma, Wash.; Mr. Crothers, Surety Finance Company, Tacoma, Wash.; Mr. Day, Surety Finance Company, Walla Walla, Wash.; E. A. Convis, Surety Fnance Company, Longview, Wash.; Mr. Smith, Surety Finance Company, Longview, Wash.; Walter E. Hogan, Surety Finance Company, Spokane, Wash.; Dr. H. L. Morehouse, Surety Finance Company, Spokane, Wash.; Mr. Polzin, Surety Finance Company, Port Angeles, Wash.; Mr. Schuler, Surety Finance Company, Port Angeles, Wash.; W. H. L. Ford, Surety Finance Company, Everett, Wash.; Mr. Parker, Surety Loan Company, Bellingham, Wash.; Bennett Baldy, Baldy Finance Company, Everett, Wash.; Mr. Dahlinger, Baldy Finance Company, Everett, Wash.; Mr. Allen, Baldy Finance Company, Everett, Wash.; Mr. Read, Baldy Finance Company, Everett, Wash.; Mr. Brandes, W. N. Doub, Tacoma, Wash.; Mr. Heritage, Credit Service Corp., Seattle, Wash.; E. S. Watts, of E. S. Watts & Co., Tacoma, Wash.

J. W. Todd, president of the Association, called the meeting to order at 10 a. m.

In the absence of the secretary, Mr. Hill, of Walla Walla, Wash., Mr. Day, of that city read the minutes of a meeting held in Walla Walla, October 20, 1928.

The minutes were approved as read, except that they were made to refer to dues in the Washington Industrial Lenders Association as being 10 cents per thousand of outstanding balances of personal loans, Sept. 30, 1928.

On request of the Chairman, Mr. Hogan, of Spokane, acted as secretary. Mr. Baldy gave a brief sketch of the report made by him at the Walla Walla meeting, in order that those not present at this meeting would have a clear idea of the benefits to be derived from uniform small loan legislation, and acquaint them with the plans of the Washington Association's desire to coöperate with public welfare organizations interested in the passage of similar legislation in this state.

When Mr. Baldy concluded, a general discussion followed which lasted until about 11:30 a. m. The discussion disclosed a practically unanimous opinion in favor of assisting in the proposed campaign.

The Chair then declared a recess until 1:30.

Immediately after recess Mr. Watts outlined his work with certain tax officials at Washington, D. C. He is endeavoring to get a decision permitting companies carrying an account on their books entitled "Organization and Franchise Cost" to show as deductible all credits to that account.

At the conclusion of his talk the Chair assured Mr. Watts that those companies affected would be glad to go into the matter further with him through a committee on which he appointed:

Walter Davis, Chairman; W. A. Davis and E. A. Convis.

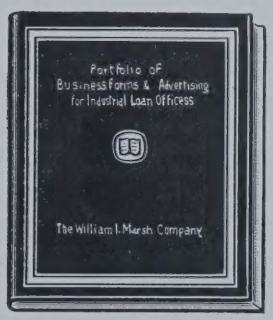
The Chair emphasized the importance of all companies taking membership in the A. I. L. A. This met with hearty approval.

Mr. Baldy suggested that Board members and stockholders of the various companies, as well as others, be requested to write to Leon Henderson, Director, Re-

$80

2½%
Time and Interest Calculators
Now in Stock

Also
2½%
Interest Tables,
Large Rate Schedules
(Bound or flat)
and 20 Payment Plan Circulars
Send for samples



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The Wm. I. Marsh Co.
229 West Illinois Street
Chicago, Illinois

medial Loans, Russell Sage Foundation, 130 E. 22nd St., New York, for information relative to the Uniform Small Loan Law.

The Chair requested all members of Washington Industrial Lenders Association to send dues to the secretary immediately upon their return to their respective offices. This was greeted with shouts of approval.

The Chair appointed E. M. Fisher, of Yakima, as a committee of one to have appropriate certificates of membership in Washington Industrial Lenders Association printed and mailed to each office.

At this point in the meeting Dr. H. L. Morehouse, Chairman of the Board of Surety Finance Co., of Spokane, got in between two volleys of "now gentlemen is there anything more" which were being fired from the head of the table with machine gun rapidity, and enthusiastically expressed a very high opinion of the meeting, the men in attendance and his approval of the work they were undertaking.

Mr. May, of Tacoma, proposed a vote of thanks to Mr. Baldy for his very extensive efforts in behalf of launching and carrying on the campaign for remedial loan legislation.

Judged by the response of approval which followed, it was evident the same thought was in the minds of all others present, and the vote was spontaneous and unanimous.

The Chair fired one more shot "Now gentlemen is there anything more," and getting no response he declared the meeting adjourned.

The next meeting to be called some time in December.

WALTER E. HOGAN,
Acting Secretary.

NEW MEMBERS

The following new members were enrolled last month:

Metro Loan Co., 3115 S. Grand Blvd., St. Louis, Mo.

C. L. Pine Finance Co., 416 Central Trust Bldg., Jefferson City, Mo.

Guardian Plan, Inc., 847 Main St., Hartford, Conn.

Personal Finance Co. of Western Detroit, 5725 Michigan Ave., Detroit, Mich.

Beneficial Loan Society, 4770 Lincoln Ave., Chicago, Ill.

Beneficial Loan Society, 24 N. Crawford Ave., Chicago, Ill.

Personal Finance Co., 708 Church St., Evanston, Ill.

Forward Loan & Credit Service of N. J., 222 Market St., Newark, N. J.

State Loan Co., 500 Broadway, Gary, Ind.

Liberty Industrial Finance System, 1312 Military Park Bldg., Newark, N. J.

Surety Finance Co., 1001 "A" St., Tacoma, Wash.

St. Louis Personal Thrift Service Inc., 304 Farmers & Merchants Trust Bldg., St. Louis, Mo.

Surety Finance Co., 901 Main Ave., Spokane, Wash.

Personal Finance Co., 1734 Main St., Marinette, Wis.

Badger State Cash Credit Corp., 5815 6th Ave., Kenosha, Wis.

Pennsylvania Cash Credit Corp., 19 S. 3d St., Easton, Pa.

Connecticut Cash Credit Corp., 108 Bank St., Waterbury, Conn.

M. T. Perkins, (Asso. Mem.), 1231 Federal Trust Bldg., Newark, N. J.

What Will You Give Your Business Friends and Employees for Christmas?

You have a number of business friends—friends whom you meet at luncheons, at your club, at your lodge meetings and at other gatherings. Sometimes one of your friends has shown an interest in your business and expressed a desire to know more about it.

You have told him about it. You have explained all about the Uniform Small Loan Law and how we are supervised by the state, but somehow your friend does not get the entire picture. He is not convinced of the soundness of the businss.

Christmas is coming. There is no gift better than a good book. Make your friend a present of the standard book that gives a true picture of the Industrial Loan Business.

Send him a copy of "Usury and Usury Laws" for a Christmas gift. As soon as he reads "the hundred thousand dollar book" he will understand the ideals and principles underlying the great service rendered by your loan office.

Owners and executives will find this book an acceptable and useful gift for their employees whom they wish to increase their knowledge of the business that occupies their working time.

We will send the book postpaid to any address in the United States for $2.50.

ORDER FROM AND REMIT TO

AMERICAN INDUSTRIAL LENDERS ASSOCIATION

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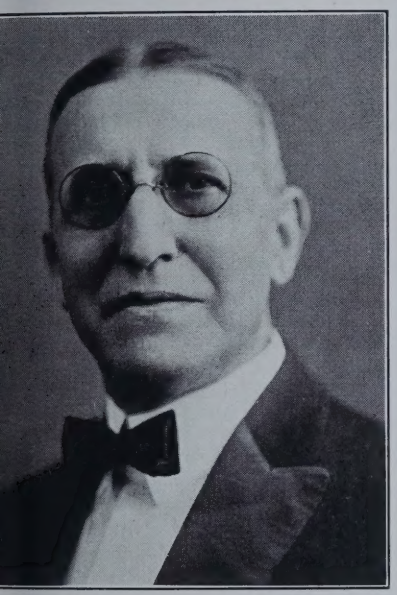
HARRISBURG, PA.

CONGRATULATIONS

It affords us great pleasure to extend this issue, our hearty congratulations one of our "old timers," for the signal nor conferred upon him by the Girard ssembly No. 6 of the Artisans Order of utual Protection, Philadelphia, which its October 16th meeting, made him its nual Honor Man; in connection with nich the November issue of *The Art-n*, the official publication of the order, d the following to say:

"Alfred Ezekiel, one of the most valued embers of Girard Assembly, was the nual guest of honor of his fellows. rard's honor nights, held once a year d kept secret until the last minute, are nous.

"Girard always holds its honor nights October. None but the committee ows who is to be honored. This time, nen the meeting was held on the third



Alfred S. Ezekiel, Philadelphia

nursday in October. Most Excellent ecorder Cox was chosen to introduce e guest of honor.

"Brother Ezekiel has always been a rong supporter of the activities of the der. He has been a member of the sembly for more than twenty-five ars. His twenty-fifth anniversary was e occasion for a party in the spring.

"One of the features of the meeting as the presence of a delegation from onestoga Assembly, headed by Past ost Excellent Master Artisan John M. mmon. Frank G. Treston, a member Girard, presented the guest of honor ith a gold wrist watch. The most ex-llent master artisan presented an um-ella and the entertainment committee, which Brother Ezekiel is a member, resented flowers."

It is gratifying to the members of the tate and National Industrial Lenders rganizations to note that one of its best ved, respected, and honored members as been so highly honored by the fellows his community. Mr. Ezekiel's activi-es in our State and National organiza-ons, and his long and successful career the small loan and store order busi-ess in Philadelphia are so well known our members that further comment this time is unnecessary.

OHIO

At a meeting of The Executive Board of the O. I. L. A., held in N. Y. City, November 16, 1928:

Mr. Anderson, offered and moved the adoption of the following resolution; Be it resolved that whereas, this Board in a conference held this day with The Russel Sage Foundation, all members of said Board being present, there was considered proposed legislation at the forthcoming session of the Ohio Legislature; and, whereas, said Board was assured that The Ohio Industrial Lenders Association would have the active support and coöperation of The Russell Sage Foundation in the proposal of the following legislation, namely;

First, to add to the Lloyd Act, so called, in substance, what is commonly known among industrial lenders as Section 16, which defines a purchase of a salary to be a loan,

Second, to limit by proper words the amount which a borrower may owe to a licensee in Ohio under the Lloyd Act, on which interest may be charged at not to exceed 3% per month on monthly balances, to the sum of $300.00;

Third, to provide that it shall be lawful for a borrower to owe to a licensee as such, a sum in excess of $300.00 and that as to such excess it shall be lawful for such licensee to charge and receive interest at the rate of 8% per annum;

Fourth, to provide that loans of over $300.00 bearing interest returns as set forth in Two and Three hereof, may be evidenced by single note and mortgage and that payments made thereon may be applied to that portion of the debt which the lender may designate;

That this board now goes on record as favoring and ready to recommend to the members of this Association such proposed legislation and that the Association shall present the same to The Ohio Legislature for passage.

Said resolution was seconded by Mr. L. K. Osborne and was carried, Yeas 6, Nays 1.

The above resolution was adopted at the meeting of The O. I. L. A., held at Columbus, Ohio, November 22, 1928.

J. Fred Anduon, *Sec.*

Recent New Members of the O. I. L. A.

Southern Ohio Loan Co., 10 Central Bank Bldg., Chillicothe, Ohio.

Galion Loan & Discount Co., Galion, Ohio.

The Acme Loan Co., 211-212 The Arcade, Cleveland, Ohio.

Northern Finance Corp., 1412 Guarantee Title Bldg., Cleveland, Ohio.

The Budget Plan Finance Co., No. 7 Market St., Youngstown, Ohio.

John T. Harbine, Xenia, Ohio.

American Loan & Realty Co., Xenia, Ohio.

The Globe Security & Loan Co., 106 Odd Fellows Temple, Cincinnati, Ohio.

The Portsmouth Finance Co., 1st Nat'l Bank Bldg., Portsmouth, Ohio.

The Erie Finance Co., 331 Erie St., Toledo, Ohio.

The Royal Finance Co., 21½ So. Front St., Cuyahoga Falls, Ohio.

The Industrial Mortgage Co., 1185 E. Market St., Akron, Ohio.

All Bets Off!

The things we do, we are often told and like to tell, all contain an element of gamble. Some of our ventures less than others and though we seem to strive to reduce the element of chance, we seek only *better odds.* So the phrase immutable, "Life's a Gamble."

Industrial Banking is sound because the odds seem favorable since experts have worked out a rate of interest which is fair when applied to the high cost of collection in the industrial class of borrowers with its awkward "skip" and "slow" percentage. So, lending to live industrial workers is a gamble at favorable odds. On a note loan co-makers bet on a maker's character; on a chattel mortgage, chattels are "security." The lender, the co-makers, the dependents interested in the borrower's chattels and the borrower have the human right to wager and guarantee the borrower will pay *if he lives*—character, "security," interest and so on, shoulder the odds. It is unethical, an unfair gamble, and therefore bad business for any concerned to guarantee a borrower *will live* to pay. It is an imposition—at those odds. So, the answer? New odds and an Insurance Company holding stakes. That's business.

"Why" you say, "our institution will take that risk. We'll cancel the note; we haven't had a borrower die in so and so long." Not much gamble? What would a lusty epidemic do to your outstandings? Leave them out, for collecting from the dead is obnoxious and unsatisfactory, very. Life Insurance doesn't try. So none concerned, nor the stakeholder, lose.

If you will offer your loan customers the Service of Borrowers Protection you will get fair business odds, co-makers will gamble not so greatly and dependents interested in chattels need not face this hazard. The Service is optional and the borrower buys it if he wants, but if not....Well, we offer the Lender a commission or collection fee, so that he may cancel the note of he who won't insure—if the lender still feels charitable, or like gambling. We'll hold the stakes—we get paid for it. You don't, and we insist you should write us for information on Borrowers Protection Insurance Service, telling us the maximum term of your loans and the minimum so that we can tell you without any trouble and at better odds to yourself how you can say to your borrower, "If you should die, ALL BETS OFF!"

"Protect your notes"

Borrowers Protection Department

BANKERS NATIONAL LIFE INSURANCE COMPANY

Journal Square Jersey City, New Jersey

The Douglas Loan & Finance Co., 681 E. Long St., Columbus, Ohio.

The Alliance Acceptance Corp., Alliance, Ohio.

The Columbia Discount & Loan Co., 1st Nat'l Bank Bldg., Springfield, Ohio.

The Gaffney Finance Co., 205 Commerce Bank Bldg., Columbus, Ohio.

Mid State Loan Co., 304 Continental Bldg., Columbus, Ohio.

The Commercial Investment Assn. Inc., 601-2 Dayton Sav. & Tr. Bldg., Dayton, Ohio.

Myers Finance Co., 420 Atlas Bldg., Columbus, Ohio.

The City Loan & Guaranty Co., Elyria, Ohio.

Norwood Industrial Co., Norwood, Ohio.

American Loan Co., Columbus, Ohio.

Action Is of Benefit to Small Borrowers

Ohio Industrial Lenders Coöperate with Russell Sage Foundation in Limiting Loans.

Columbus, Ohio, Nov. 22.—Amendment of the Lloyd act, under which law the chattel loan companies of the state operate, will be recommended to the General Assembly at its coming session, as a result of action taken by the Ohio Industrial Lenders Association at the Neil House Thursday evening.

The proposed amendment, which, Col. D. H. Pond, of Cleveland, president of the association, declared, is another step forward in the protection of the needy against the unscrupulous money lender, would limit small loans to three hundred dollars. The rate of interest would remain the same as is provided in the present Lloyd act, which is lower than that in effect in a majority of the states having uniform loan laws.

The association in recommending amendment of the Lloyd act and fixing the maximum of loans under its provisions is supported by the Russell Sage Foundation of New York, a philanthropic organization interested in the welfare of the needy, and the action taken is in conformity with an agreement reached in New York a few days ago between representatives of the Russell Sage Foundation and officers of the Ohio Industrial Lenders Association. Representing the Ohio association in the conference were Col. D. H. Pond, Cleveland, president; L. K. Osborne, Columbus, vice-president; J. Fred Anderson, Springfield, secretary and counsel; J. P. Michael, Columbus, treasurer: T. R. Schoonover, Lima; J. H. Dyer, Columbus, and C. C. Woodley, Toledo.

Seeks Law to Curb Salary Purchasers

Columbus, O., Nov.—Legislation providing for the regulation of salary purchasers will be sought at the coming session of the General Assembly, according to Paul Herbert, of Columbus, senator from the Tenth District.

Mr. Herbert announced this week that if such a recommendation is not embodied in the message of the new governor, he himself will introduce a bill providing for such legislation.

Herbert's announcement follows action taken in the Franklin county courts against a number of salary purchasers. These suits were filed by the Columbus Better Business Bureau, which pointed out that salary purchasers should not be confused with legitimate loan companies which lend on chattels, and operate under the provisions of the Lloyd act and under the supervision of the State Division of Securities.

Salary purchasers, it was pointed out, prey largely on railroad employes and other workers who usually have two weeks' wages due them. More than 100 injunctions have been issued against salary purchasers in the Franklin county courts.

RHODE ISLAND

The regular quarterly meeting of the Rhode Island Industrial Lenders Association was held on Thursday, October 18, 1928 at 7:30 P. M.

Vice-Chairman Arthur Pomfret, presided.

As no business was transacted at the July quarterly meeting, due to lack of quorum, secretary was asked to read the minutes of April meeting. They read and approved.

Secretary was instructed to seek an opinion from association attorney regarding a certain court decision.

Roll was called and 19 members responded.

Treasurer's report was held over until the next regular meeting upon motion duly made and passed.

Telegram from G. J. Badger, president of American Industrial Lenders Association was read and its contents approved.

H. G. Neal presented and read several proposed amendments to Constitution and By-Laws.

1. I move to rescind the Constitution and By-Laws of this Association.

2. I move to amend Section 3, Article 7, of the Constitution by striking out the word "two-thirds" and inserting "five-sevenths."

Second motion, same section and article.

I also move that the words "who a present" be stricken out.

3. I move that Section 3 of Article of the Constitution be stricken out a the following paragraph substituted f it.

"All contracts and obligations invol ing the expenditure of money shall void unless the money is actually in t treasury and so appropriated."

4. I move that the word "four" stricken out of Section 3, Article 3, the By-Laws, and the word "five" inserted.

These proposed amendments will acted upon at our next regular meetin

Motion made by F. H. Lovegrove approve the sending of $200.00 to t American Industrial Lenders Associati if needed by them to fight salary buye

This motion being seconded by G. Delaney was passed.

Current bills were approved, treasur was instructed to pay expenses of del gate to 1928 National Convention. Bi for flowers and fruit sent to sick me ber were ordered paid.

Acting chairman Pomfret then ask George Rich to occupy Chair. Mr. Po fret then tendered his resignation vice-chairman and it was accepted.

Acting chairman Rich was asked draw up resolution on death of memb J. R. Smith:

Resolved that Rhode Island Industri Lenders Association extend to Colo and Mrs. Reuben Smith their deep sy pathy on the great loss which they ha sustained in the death of their father R. Smith.

Resolved that in his passing his frien and business associates will miss a m of high integrity and sound judgme His kind disposition made him belov by all who know him.

Resolved that a copy of this resoluti be sent to his son.

George Rich who assisted at Natio Convention as our delegate then gave report which was approved.

Anywhere, Any Time, Any Place—

This is the area covered by our collection service. Simply send us the papers of your "skip" accounts located in any section of the country. We get results. We will give you prompt service and send you periodic reports. If we cannot collect no charge will be made.

Scores of lenders in the various sections of the country send us accounts amounting to thousands of dollars for collection. Why not you?

Let us help you make 100% collections. Write today for information concerning our service and rates.

FREDERICK FISCHER COMPANY, Inc.

Court Square Building, 2 Lafayette Street, New York City.

Applications for memberships were re-ived from Ideal Financing Association Woonsocket and Ideal Financing As-ciation of Pawtucket.

ELECTION OF OFFICERS

Harry G. Neal, being unable to serve chairman, F. H. Lovegrove presented e nomination of Arthur Pomfret for is office. H. F. Chase seconded the mination and there being no others pre-nted Arthur Pomfret was elected chair-an by unanimous vote.

J. G. Findlay was nominated for vice-airman by F. H. Lovegrove seconded A. G. Zimmerman. Nominations being osed J. G. Findlay was elected vice-airman.

Chairman-elect Pomfret then gave us neat little speech of acceptance declar-g, he was anxious for full coöperation every member to assist him in fulfill-g the duties of his office.

The forming of Standing Committees as then in order, and were made up as llows:

AUDITING AND FINANCE

Chairman, D. W. McGray, W. E. inters.

EMBERSHIP, PUBLICITY AND VIGILANCE

Chairman, H. A. Morey, Robert W. cDonald and E. Hollingworth.

LAW AND LEGISLATION

Chairman, G. F. Lewis, A. G. Zimmer-an and F. H. Lovegrove.

The Membership Committee reported vorably on the applications of Ideal nancing Association of Woonsocket d Ideal Financing Association of Paw-cket. They were then elected to mem-rship.

Motion made by Mr. Lovegrove to rt next regular meeting at 1 o'clock M. and being seconded by Mr. Rock was passed.

Mr. Rich moved that $75.00 be appro-iated or as much of this amount as ll be necessary to defray cost of ncheon which will be served at our xt regular meeting. Mr. Delaney sec-ded this motion which was passed and W. McGray was appointed to make rangements for this luncheon.

Cost of room rent in which members ld a special conference during Sep-nber was approved and ordered paid.

There being no further business to nsact meeting was adjourned.

Respectfully submitted,

E. LAGUEUX, *Chairman.*

WEST VIRGINIA

The fourth quarterly meeting of the est Virginia I. L. Association was held Charleston, Friday November 9th, at e Hotel Ruffner. There were 25 mem-rs present and the meeting was presided er by chairman Knox of Parkersburg.

The secretary reported a membership 33, all in good standing with dues id to date with the exception of five.

ne treasurer reported a cash balance on nd of $425.12, which is unfortunately posited in a defunct bank.

All standing committees gave very tisfactory reports and were highly mmended on their activities during the st quarter.

The nomination and election of the xecutive Committee resulted as fol-lows: F. H. Withrow, Charleston; H. L. White, Wheeling; Sam Wormser, Huntingdon, Wm. B. Grimes, Charles-ton; C. G. Liggett, Dayton, Ohio; N. G. Sanson, Wheeling; S. P. Robinson, Clarksburg. The following members were elected to office for the ensuing year; F. H. Withrow, chairman; H. L. White, vice-chairman; Sam Wormser, treas-urer; W. B. Grimes, secretary. Mr. F. H. Withrow was immediately installed as chairman and took charge of the remain-ing period. The afternoon session was given over to impromptu talks and open discussion.

The next meeting and banquet will be held in Charleston, Friday, February 8, 1929.

FINANCE COMPANIES SEEK ACCOMMODATION

Want to Be Able to Borrow Funds on Installment Obligations

New York, Nov. 21 (A. P.).—The National Association of Finance Companies today adopted a resolution call-ing for a study of plans whereby finance companies could borrow from Federal Reserve banks.

The president of the association was authorized to appoint a committee to undertake "careful consideration of plans making installment paper under safe and sound limitations eligible for rediscount by the Federal Reserve system."

Should the committee conclude that such an "undertaking is sound, feasible and practicable," the resolution said, "it is authorized and empowered to make the necessary contacts and to take any and all steps which in the opinion of the committee might otherwise be advisable to carry out and complete the purposes of this proposal."—*Phila. Inquirer,* 11-22-28.

LOAN AGENT DENIED HABEAS CORPUS IN USURY TEST APPEAL

It is still a criminal offense in Georgia to charge a rate of interest in excess of 5 per cent per month on a loan, the Georgia supreme court ruled Friday in denying a habeas corpus proceeding brought by J. H. Bennett, Atlanta loan agent, against Sheriff James I. Lowry, of Fulton county.

According to the court records, Ben-nett was indicted on three counts by the Fulton grand jury, charged with col-lecting 80 cents per week on an $8 loan to Dock Goolsby. He appealed the case on the grounds that the banking act of 1916 repealed the provisions of the code of 1910 making it a criminal offense to charge a usurious interest rate.

The supreme court held that the newer law making non-enforceable a loan on which there was a charge of more than 8 per cent per annum, did not repeal the code provision making it a criminal

LOAN OFFICES WANTED

STATE OF ILLINOIS

INDIVIDUAL OFFICES OR A CHAIN OF OFFICES

SPOT CASH

If you prefer we will consider consolidation of your office or offices, either retaining or not retaining, to as large a degree as is possible your present personnel.

All replies held absolutely confidential.

ADDRESS:

O. J. WILTZ, PRESIDENT
5th Floor,
Central National Bank Building,
PEORIA, ILLINOIS

LOAN OFFICES WANTED

A consolidation of independent loan offices is proposed in states having a small loan law.
Will purchase for cash or exchange of securities and retain present management.

Reply in absolute confidence.

"R" Box 778,
Industrial Lenders News Harrisburg, Pa.

offense to charge more than 5 per cent a month in this state.

The case against Mr. Bennett, who has offices in a downtown office building, was brought by J. L. R. Boyd, Atlanta attorney. The case was in the nature of a test case, and Mr. Bennett was not actually arrested or required to give bond, it was said.—*Atlanta Journal,* 11-16-28.

WHAT THEY SAY

Ben Blumberg (Attorney)—It is a fact not generally known that the loan associations of Indiana are conducted under the supervision of the state banking department and have been since 1917. They pay $100 a year license, which money was intended to be used for the expense of inspection, but as this was diverted to the general fund of the state the inspection has not been made until this year. The inspection was brought about by the insistence of the loan associations, whose officers have reported to the department any violations of the law that came to their notice. From this time on all the associations will be inspected by examiners from the state banking department, as the law originally contemplated, and as all other financial institutions are inspected, such as banks and building and loan associations.—*The Saturday Spectator,* Terre Haute, Indiana, Nov. 3, 1928.

INDIANA

A full account of the meeting held in Shelbyville, November 14th, will appear in our next issue.

NEW YORK

November 26th and 27th were two important days in New York for members of the A. I. L. A. and Russell Sage Foundation, as matters of policy and legislation were considered at length and a program of progress was agreed upon. As the National Council as well as other important members met with the A. I. L. A. Executive Committee, some one remarked it appeared like a national convention. Your state representative will acquaint you with the details.

HITTING BILL COLLECTOR IS LEGAL IN EVANSTON

Loan Company's Representative Is Fined After "Sock"

Chicago, Dec. 3.—Persistent bill collectors may legally be socked in the jaw, at least in Evanston, although the judgment may not stand elsewhere. Howard Butler, collector for a household loan company, found this out when in addition to his lame jaw and ruffled dignity, Justice of the Peace Brightmire fined him $3 and costs on a disorderly conduct charge.

For the last few months Butler has been trying to collect $100 from Fred A. Newquist, who has been embarrassed by unemployment. Following orders of his superiors, Butler rang Newquist's door bell every day and presented the bill. Latterly no one answered the bell, so Butler kept his finger on the buzzer for an hour. Newquist finally came out a requested Butler to get away from the Words ensued. Butler was knock down and the police were called.

In court to-day Butler was ordered leave the Newquist collection to his e ployers and keep hands off the Newqu door bell.—*Philadelphia Inquirer,* Dec. 1928.

PERSONALS

Roy Hartz, of Indianapolis, is recup ating at West Palm Beach, Florida, fr a nervous breakdown sustained a cou months ago from too much work.

"Doc" Mueller, of Philadelphia, h selected Winter Park, Florida, as t place for a brief visit to recuperate fr a tonsil operation undergone recently.

FOR SALE

An established loan office located in a town where there is no competition. Address all replies to

Box S-778
THE INDUSTRIAL NEWS
Harrisburg, Penna.

SEND US YOUR
BAD ACCOUNTS AND

SKIPS

WE COLLECT

BRANCHES

HIGH POWERED COLLECTORS
IN THE FOLLOWING CITIES

MINNEAPOLIS, MINN.	SPOKANE, WASH.
ST. PAUL, MINN.	SEATTLE, WASH.
DULUTH, MINN.	EVERETT, WASH.
LOUISVILLE, KY.	TACOMA, WASH.
LEXINGTON, KY.	PORTLAND, ORE.
ASHLAND, KY.	SAN FRANCISCO, CAL.
PADUCAH, KY.	OAKLAND, CAL.

LEGAL DEPARTMEN
LOCAL LOAN CO
1200 N. ASHLAND AVENU
CHICAGO ILLINOI

50% OF WHAT WE COLLECT. NOTHING IF WE FAIL

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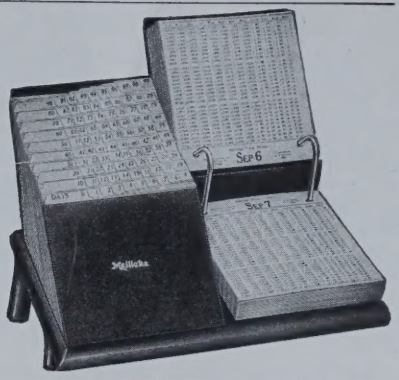
A. I. L. A. members and public welfare organizations will receive complimentary copies of the book this month. Others who may desire copies may order them at one dollar per copy from the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa.

Make money on Meilicke

for 30 days at no cost!



The Meilicke Time-and-Interest Calculator

By referring to the cards on the right for the current date, you can read directly the expired time to any date within a year. By referring to the cards on the left you can read direct interest on any amount for that time.

THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. For with a Meilicke Calculator you can tell at a glance exactly how much interest is due on any ordinary loan you would make, without the necessity of spending the time to figure it out either on a machine or with pencil and paper.

These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us. Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

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Turn down the card showing the expiration of days, and read direct the interest on any amount at your rate. Every answer is PROVED correct. Approved by all state examiners.

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Meilicke Systems, Inc.
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Please send us a Meilicke {Interest / Time and Interest} Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retain the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

Firm .....

Address .....

Meilicke

Time Saving Devices

.....

Attention of .....

MEETING SCHEDULE

NEW JERSEY—Newark, December 6, 1928.

MARYLAND—Baltimore, December 11, 1928.

FLORIDA—Tampa, December 19, 1928.

MASSACHUSETTS—Boston, January 16, 1929.

RHODE ISLAND—Providence, January 17, 1929.

CONNECTICUT—New Haven. Banquet and annual meeting, January 19, 1929.

ILLINOIS—Chicago, January 31, 1929.

OHIO—Columbus, January 23, 1929.

GEORGIA—Savanah, January 26, 1929.

WEST VIRGINIA—Charleston, February 8, 1929.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you meet?

Loan Offices Wanted

Individual offices or a chain of any size

Spot Cash!

Address in absolute confidence

Box 124
CITY HALL POSTOFFICE
New York City, N. Y.

"How Much Did It Cost" *Asked Carnegie*

Often Charles M. Schwab has publicly recalled that years ago, when his balance sheet revealed that many hundreds of thousands of dollars of profits had been earned, Andrew Carnegie said: "That's interesting, but show me your cost sheet."

As you look over your balance sheet as represented by your bank account, your position and the progress you have made in the past twelve months, stop a moment and consider what it has *cost* you. Measure that cost in *time*. Hasn't it taken a little longer than you thought to save that money? To earn more money? To get that promotion?

And why?

Because you have let material dollars and cents resting in your pocket outweigh an investment in training that has put far more money in the pockets of other loan men than you are earning today. You have kept too close to profit with little regard for what it cost you to make that money—so close to it as to confuse cost with investment.

You are at the close of another year. But do you want 1929 to be just "another" year? Make 1928 the beginning of a greater 1929 by making an active constructive study of where you have fallen down in 1928. Study the time, effort, delayed raises in salary and promotion, your whole delayed future as representing your cost of progress in the last twelve months through the old "trial and error" method—practical experience.

Your 1929 money making and progress can be measured by a "cost" of two cents right now. Clip and mail the coupon.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York City.

Gentlemen: I am interested in more rapid personal development in 1929. Please let me have, without obligation, information about your course in Successful Loan Office Management.

Name .....

Address .....

City and State .....

"Winter Written" means Guaranteed Results.

An Industrial Lender was asked the other day, why he was always able to show an increase in business. His reply was—

"I depend upon my advertising to bring customers to my office—and upon my service to bring them back again. My advertising is written by N. A. Winter and I rely on it absolutely because it has proven that it gets results."

"Winter-written" copy, in the way of letters, newspaper ads and folders are bringing in big returns all over the country. Write for sample folders and monthly service—no obligation.

A. H. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

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INDUSTRIAL
LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XIII, No. 7. JANUARY, 1929. Price, $1.00 a year; Single copies, 10 cents.

Should Industrial Lenders Pay Cash for Recommended Business?

By Alan K. Dolliver, *Director of Supervision, Beneficial Operating Bureau, New York*

This subject, although not new, is, on e other hand, far from obsolete or presentative of an issue upon which all s been said, a definite decision reached. d which is therefore properly closed. is then, I submit, at this time worthy your earnest, most weighty considera- n, looking toward the adoption of a ted policy to be based upon the facts d consummated with wisdom.

The practice under discussion may be cribed as the act of paying to a third son (either a borrower, a former bor- ver, or non-borrower) a cash consider- on consisting of one or more dollars in lement for services in connection with sending to the lender a person to om the lender has subsequently made oan.

As before stated, the practice is quite Actually, it is a throw-back of high- e days. Also it has been practiced in ny forms. Years ago in New York y, in Boston, and in other centers of high-rate loan business, it was com- n practice to pay a commission based n the amount of the loan granted, as instance 5%, in many cases as high 10% the fee amounting in actual cash from $1 up to as high as $5. The rage loan made during this period was ut $15, although sometimes running as n as $75.

he theory behind such commissions so called gratuitous payments, un- btedly was and is (where now prac- d) that the average person will be ulated to recommend more customers n otherwise or, additionally, that per- s persons seeking financial service be sent to the lender who perhaps er any other circumstances would not sent. The appeal, then, is to the cenary, acquisitive sense. Thus one the vital questions to be decided is: hether or not this is the best basis n which to build good will and to de- p a business in the most successful, sfactory fashion." Records extending quite some period of years and ed at our disposal do not indicate that ers who have made a practice of ng for recommended business have red a larger volume than those who e made no cash reimbursement or its valent, regardless of circumstances. s generally accepted and agreed that of the best means of building a thy, outstanding loan balance is to cultivate recommended business and in the practice of cultivating recommended free business there can be found nothing but favor. The practice of placing recommended business upon a paid advertising basis, however, may be fraught with serious difficulty. In the days of the high-rate lender, the business was shrouded in darkness and handled through underground channels in a quite sub rosa manner. During those days, perhaps, the practice was necessary and perhaps did fit into the general scheme of things and the manner of operating of the day. It is a fact that the high-rate lender was very much restricted in his field of advertising and was, more or less, forced to develop business in such manner. There seems to be no other argument in favor of the practice, however. This is particularly apparent when it is considered that at this time every known device, resource, and ingenuity of the advertising specialists art is at our disposal, and when we realize that we are free to educate the public; to advertise everywhere, and can reach every individual of the public if we but desire it and are willing to enlarge our advertising budget accordingly.

Shortly after the adoption of the Uniform Small Loan and similar Acts in various States, certain progressive, high-minded, public spirited lenders began to study this situation. Their purpose was to ascertain if possible if such a practice was necessary, and, if it WERE necessary, did their necessity overbalance its many bad and deterrent effects. The result of this survey and analysis was that after some time the most progressive lenders throughout the Country discontinued the granting of cash payments for referred business. They not only discontinued advertising to the effect that such payments would be made, but discontinued them in individual cases entirely. It is quite probable that, with few exceptions, such payments are now made only by those of the newer companies and individuals who have not seriously considered the situation, nor perhaps had sufficient experience which would show them in a practical way its disadvantages. It seems to us that evey lender who has the interests of the business, the public, and himself mutually at heart should be fully alive to the available opportunities for cultivating public opinion. Only by such cultivation may the business as a whole be raised to its very highest pinnacle. Considerable talk has been heard during the past twelve years concerning raising the plane of the industrial loans business. If this talk be sincere, and we believe most religiously that it is, then it does not seem to be an untenable premise to suppose that no lender is doing his utmost to uplift the business to which he has dedicated his efforts, and in which he labors for success, unless he HAS taken or IS TAKING this forward step, represented in the discontinuance of cash payments for referred applications. We are firmly convinced that it is fundamentally wrong to advertise by circulars, or through other mediums, that such cash payments will be made, and likewise wrong, under any circumstances, to actually do so.

So much for sentiments, beliefs, and expressions of opinions. Now for the arguments.

Under present day operating conditions it is absolutely unnecessary to pay for potential customers. In the first place, as stated before, every known advertising medium open to any business is also open to the industrial lender. There are the newspapers, direct by mail plans, circularization of cards and other pamphlets from door to door, magazines, theatre curtains, motion pictures, electric signs of latest design, window displays, etc. etc., in addition to the volume of recommended business which may be obtained absolutely free, if the lender is providing a service which is recognized to possess merit. If the lender truly serves the borrower, then the borrower will invariably be grateful or at least to some extent appreciative. He may not, in some cases, care to advertise the fact that he has borrowed; but, as he would in other instances, in doing business with other organizations of all descriptons, he properly should and actually does take pride in his standing with an organization of the first class and he will take pleasure in seeing to it that those of his acquaintances who have need for such service be properly directed to it. As we lenders know, it is not necessary for the borrower to disclose the fact and detail of his own dealings in order to refer customers to his personal financier. The ecommending of business should be spontaneous. It should grow out of a feeling

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N. H.—F. A. Brodeur, 967 Elm St., Manchester.
N. J.—W. S. Buswell, 174 Harrison St., East Orange, N. J.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penna.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 307 Main St., Pawtucket.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—L. E. Pope, 209 E. Grace St., Richmond.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

in the heart of the satisfied customer which may be described as follows: "Here is a service worthwhile. Here is a place where I may send those of my fellow men who need true loan service. Here is a place where my relatives and friends and acquaintances may have their financial requirements taken care of, in a straightforward, self-respecting, business-like manner." It is assumed that there will be no opposition to this. If, then, this is the proper spirit to be cultivated, if it does describe the manner in which recommended or referred business should be developed, then consider the feeling engendered in the minds of your best customers (those who CAN and WILL and DO refer other good customers to you) when confronted with cheapening advertising which panders to their purely mercenary instincts. Is it not so, that to urge upon such persons the fact that we will pay them to send us potential customers is to undermine their spirit of admiration for the wholesomeness of our enterprise? Is it not teaching them that perhaps our business is too profitable, or that perhaps the service is not as good as it might be? Also, is it not so that we are inculcating in the minds of the PERSONS RECOMMENDED that perhaps the motive of the person doing the recommending is not that of helpfulness but rather one of monetary gain? By all means, this should not be. What would be our own impressions if such representative mercantile firms as B. Altman & Co., John Wanamaker, or others, advertised cash payments to those who sent to them purchasers of their wares. It seems to us that the proper class of business and the proper volume of business never has been nor ever will be built up upon such a basis. The most successful loan managers and operators everywhere are those who have built their business upon the solid rock of public good will. Good will is intangible but it is not ephemeral and it is truly a tremendous asset. Conversely, the lack of it is a tremendous handicap. The loan manager who has cultivated this good will and has nurtured it carefully, never has any difficulty in obtaining a large volume of business from any and all sources, and this, of course, includes free recommended sources. Local tradesmen, doctors, banks, and business men of every description, in addition to private individuals, gladly send business to the organization which possesses this good will and they do it with pride and without any thought of compensation. It is possible to take this home to yourselves by picturing your own dealings with various merchants and your feelings toward them as engendered by their methods of doing business. How many times has a friend questioned you as to the best place to buy a suit, a pair of shoes, an automobile, or what not? Have you not invariably spoken up quickly and with pride and without mercenary consideration, sent them to the company with which you have been dealing and which has given you good service and has recognized your value as a custome
On the other hand, how many tim
have you been solicited through t
mail and personally, by organizatio
seeking to build up mailing lists of pr
pects and offering recompense to you
the form of various presents or oth
considerations? The chances are, that
these latter cases you have paid sc
attention to such offers. The facts in
cate definitely that such forms of
vertising are abortive and are rar
successful. Should we not, then, ap
sound, accepted principles to our o
operating methods? Is it not useless
attempt to build up a volume of busine
which primarily must be founded u
good will, by means of methods wh
constitute little more than offering
bonuses or bribes. Cash payments of
kinds will fail as compared with the
sults to be obtained from true cultivat
of public good will, for which there
no substitute. Furthermore, and what
most important to consider, what
lender can do, so likewise can and d
the other. Therefore, when one len
sets out to place a cash premium u
recommended business, the tendency
for other thoughtless ones to do likew
excepting that the cash premium will
raised and the result will be that
lenders will be competing with each ot
in paying higher and yet higher pr
for referred prospects. In such instan
as in all wars, the neutral persons o
profit. Does it not seem to you
such type of bidding for business sa
of the frantic efforts of spiders in
tracting flies to their web? Does it
savor too much of the suggestion
lenders perhaps are too ready,
grasping hands, to enslave borrowers
to retain them in their clutches?
know that every licensed lender w
resent such a suggestion and most str
ously so, knowing that the suggestio
unjust. On the other hand, is it
wise for us to conduct ourselves as
Cæsar's wife admonished? That is
keep ourselves ABOVE SUSPICI
AND REPROACH by those who do
know us and who will be guided by
face appearances. Let us not adop
pursue operating malpractices which
rise up some day like a tidal wave
confront us in their might. And
point, where lenders are competing
each other in paying high prices o
making cash payments of any size,
fact is only communicated to the
ness world in general causing it to
that perhaps, after all, the small l
business is unnecessary and to feel
the interest of the public would per
be better served if there were no
organizations. Too often have the
initiate felt the so-called (to their mi
service provided by lenders of small
to be uncalled for and not proper
part of our economic and financial
tem. Why further this feeling?
add fuel to the flame? Why develo
position to a service which is wo
which is good, which is proper, and v
does serve a definite purpose in the
day life of America?

The conclusion, then, decidedly is
under no circumstances should le
pay cash for recommended busi
rather, the progressive, worthwhile,
spirited lender should found and co
his business upon good will and
because of this alone, attract ref
business. Serve your borrowers, im
upon them the worthwhileness of

rvice, and then urge them to send to
u those of their relatives, friends, and
quaintances who could profit by the use
that service. Moreover, urge them to
so because they themselves know that
is the proper thing to do. Build up
ithin them a pride in recommending
hers to a first-class institution and build
within them the knowledge that the
t of doing so will truly be for the
nefit of their fellow men.

If there are any of those present who
ve not given these suggestions a trial,
is recommended that they do so. The
sults will speak for themselves. On
e other hand, we are certain that there
e many present here today who can
test WITH EMPHASIS, as to the
cellent volume of first-class business
tainable from free recommended
urce and obtained upon the basis and
the manner outlined and herein advo-
ted.

Read at the annual meeting of the New
rsey Industrial Lenders Association, Elks
ub, Newark, New Jersey, December 6, 1928.

INDIANA

The thirteenth semi-annual convention
managers of the Indiana Industrial
nders Association was called to order
Mr. F. L. Thompson, president, at
:30 a. m., November 14, 1928, at the
rand Alcazar, Shelbyville, Indiana.
Mr. McBee of the American Loan Co.
Indianapolis, acting as Secretary,
lled the roll.
Mr. Thompson, on behalf of the Shel-
County boys, hosts of the convention,
pressed his appreciation for the splen-
d turnout. Mr. Thompson then intro-
ced Thos. Kaufman, delegate to the last
ational Convention at Grand Rapids.
Mr. Kaufman reported as follows:
irst of all I want to thank you for
nding me as a delegate to the national
nvention. It was certainly a very in-
resting convention and I think possibly
ore so than any other which I had at-
nded. I was only sorry there were
more Indiana members present. I
pe more will turn out for future meet-
gs. Mr. Badger was elected president.
e is a very capable man and will make
splendid officer. Mr. Al Smite, of
icago, was elected vice-president. He
also a man of a lot of ability. The
st of the officers were reëlected. There
re a number of subjects that were
ought up that were of great interest
everyone and I can say that next year
hope there will be a big turnout from
diana."
Mr. Durnell addressed the chair as
llows: "Since our last meeting, one
our most beloved and most honored
mbers, W. R. Hancock, has died. I
ggest that the meeting stand in mem-
y of Mr. Hancock. I also want to
esent a resolution that the president ap-
int three members to write a tribute to
e family of Mr. Hancock, and also
at the secretary be instructed to spread
s resolution on the minutes of the
sociation." Mr. Thompson appointed
H. Aufderheide, of Indianapolis, Mr.
hite, of New Albany and Mr. Block-
n, of Terre Haute. He asked that a
ort be made at the afternoon session.
r. Thompson also stated that since
e death of W. R. Hancock, Paul R.
ancock, his son, has been acting as
asurer. Mr. Arnett made a motion
ifying the acts of Paul Hancock as
acting treasurer of the association. Mo-
tion was carried.

At this time Mr. Thompson asked for
nominations for treasurer and Mr. Kauf-
man nominated Paul R. Hancock. This
motion was seconded by Mr. Arnett, and
a motion was also made that nominations
be closed and the secretary be author-
ized to cast a unanimous vote for Mr.
Hancock. This motion carried.

The president called attention to the
fact that the secretary of the Associa-
tion, R. F. Hartz, had been ill since last
July, and a few days ago went to Florida.
He reported that Mr. Hartz was much
improved and there is every indication
that he will be able to get into harness
as in the past. Mr. Thompson also stated
that it would be very fitting for the As-
sociation to make a motion that a tele-
gram be sent to Mr. Hartz from the
Association in session at Shelbyville.
This motion was made by Mr. Kaufman
and seconded by Mr. Broughman. Mo-
tion carried and Mr. Broughman was
instructed to send the telegram.

Mr. Thompson read the following tele-
gram: "Sorry unable attend meeting.
Theodore Voigt will read my paper.
Large delegation coming from Terre
Haute. Best wishes. Stop. Tell Bur-
rell to go to "hot climate." Benj. Blum-
berg." A letter was also read from C.
H. Stratton, of Sullivan.

The president next introduced Theo-
dore Voigt, of Terre Haute, who sub-
mitted the following address to the As-
sociation:

"WOULD IT BE ADVISABLE FOR THE INDI-
ANA INDUSTRIAL LENDERS ASSOCIA-
TION TO LAUNCH AN INTENSIVE
CAMPAIGN, CLARIFYING THE INTEREST
RATE AND CITING THE NEED FOR IN-
DUSTRIAL LOAN COMPANIES?"

For Managers' Meeting, Shelbyville.

November 14, 1928.

GENTLEMEN:

In 1921 The American Association held
its 7th Annual Convention in Chicago.
At that time the American Association
was still young and many problems were
pressing it for immediate attention,
among them one of great urgency was
this very problem.

At that convention the Association
was chided for its backwardness in pub-
licity, and there was a strong element
advocating the greater use of advertis-
ing matter, explaining to the public the
meaning of the law, needs of the busi-
ness, and an explanation of the com-
paratively new interest rate. Some
progress was being made among the
legislators, but the battle was hard
fought and the Association often lost.

For that reason different factions
strongly urged the necessity of sending
pamphlets to legislators, editors, judges
and lawyers. But there was a stronger
faction who felt that the money for this
purpose was not available, and that a
newspaper and magazine campaign would
be too expensive to undertake.

Then the Association was 7 years old.
Now 7 years later, what position is to be

Doctor's Profits

Doctors are fighting disease—attempting to stamp it out—fighting that from which they make their money. Yet are not doctors more numerous, and more profitable today than they were twenty years ago?

Why?

Because as they helped and won the confidence of the people, bigger demands were made upon them and their field widened. People go to the doctor because they know beyond a doubt, that he wants to help them.

People will borrow from you, too, when they feel absolutely confident that you really want to help them.

You lack the confidence of your public!

Take an active step right now to solve this your biggest problem, by clipping the coupon and mailing it!

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York City.

Gentlemen: Please send me without obligation, a free copy of "My Thrift Book" with word as to how it can help my organization.

Name .....
Firms Name .....
Street .....
City and State .....

INDUSTRIAL · LENDERS · TECHNICAL · INSTITUTE ·

taken on the same subject by the Indiana State Association?

The American Association has to date not changed its policy and the urging of those days went without avail and yet wonderful progress has been made along the lines determined upon by the majority and with great success.

Several times sporadic efforts have been made at running community ads of quarter or half-page in certain localities, but the result thereof has been so vague and indefinite that no one could ever insist on their success.

Several papers have been written defending or explaining or analysing our interest rates. But never have these been satisfactory to the lenders or deemed sufficiently convincing to be used as public propaganda.

On the other hand the *need* for industrial loan companies has been very effectively handled through public addresses, newspaper articles and pamphlets, and all to good effect.

Seven years ago we were on the defensive, and the lenders were counteracting daily attacks. At that time the paper on publicity said:

"Ours is an eminently respectable organization whose friends are myriad.

"All we need is courage and confidence in our position and we can push on over long contested ground.

"This year of nineteen hundred twenty-one is the time for our leaders to look backward and realize that they are practically at the top of the hill ready to travel down the easy slope of success. I then advocated the widest publicity that our finances would permit.

"Knowing as we do that we now have a host of friends and the respect of thoughtful people, we owe it as much to our customers as to ourselves to tell the world about our usefulness to society, the merits of our loans, the need for our service, the ethics of our methods, the good economics we teach and foster."

But we did not urge any discussion of the rate.

Now for seven years we have been traveling down the easy slope of success with ever increasing momentum, and the tiny snowball has grown into a mighty avalanche which thunders through the commercial world today.

In this thunder:

1. We hear the ringing voice of Hon. Louis T. McEaddin, chairman of the Congressional Committee on Banking in a recent address in Baltimore showing very enlightening information about our business and a sympathetic and kindly appreciation of our value.

2. Through the mail go daily circulars from the extensive house of Lee, Higginson & Company who maintain offices in all the large cities in the country, informing all large capitalists:

"The essential character of the small loan business is indicated by the fact that over 80% of the families in the United States are estimated to be without means for bank credit."

3. The National Association of Better Business Bureaus issuing weekly pamphlets and furnishing newspaper publicity to over 50 important cities in the United States, advise their constituent members to run advertising describing and favoring and boosting our business.

4. The *Cincinnati Inquirer* and other metropolitan papers without extra charge, run most interesting favorable comments, referring the general public to read the lenders' ads in the want ad columns.

5. The Metropolitan Life Insurance Company launches an attack on the salary buyer and incidentally recommends the industrial lenders.

This disinterested publicity is the healthiest and most forceful that we could request and renders futile any publicity of the lenders themselves because our ads will be vitiated by our personal interests and our remarks will be rendered weak by the vanity of self-praise.

My answer, therefore, is that it is unnecessary for our Association or any other association to spend time and money on newspaper advertising, citing the need of our business.

This leaves the question of the necessity of clarifying the interest rate. This has been done by Franklin W. Ryan in his book "Usury and Usury Laws" to an extent never before equalled. The last issue of the LENDERS NEWS unqualifiedly proves that this book has been most widely read by the leading thinkers of this country, and therefore no doubt has come to the attention of the leading thinkers of Indiana.

It has never seemed advisable, and it appears to the writer, as most injudicious to insist upon the necessity of forcing upon the public the full maximum rate allowed by law.

It is even more apparent folly to *discuss* the lesser rate or even try to find what rate to justify.

The delicacy of the discussion of the interest rate is most apparent. Knowing as we do that a large office can operate at a lower cost than a small office, and that an owner of chain offices can be satisfied with smaller returns than individual offices.

There would be two main reasons for launching such a campaign according to the interests of the various lenders.

Those who are financing their business by the selling of securities to the public might feel that such publicity would prepare the ground for them. But the history of the past seven years shows that such is not necessary. The demand for Industrial Lender company securities is adequate and their personal interests make it worth while to carry on their own propaganda.

All lenders are interested in seeing their field of activity widened and the demand for their services ever increased, and to this end they bend their daily efforts to such a large extent in the columns of the newspapers, circularizing on the door steps and through the U. S. mail, that it is hard to realize that any more effort need to be expended.

The conclusion, therefore, that we must ultimately reach, is that an extensive campaign is hardly desirable or needed, and the advisability is very questionable on account of the cost.

On the other hand, your writer would beg to suggest that every individual lender is now busily engaged in an intensive campaign and that all these multiplied efforts are really phases of one great effort and that this volume need not be increased, but is in grave need of advice and guidance. Many evils have crept in which need to be corrected.

The Indiana Industrial Lenders Association enjoys a prestige and respect which leaves nothing to be wished for. In fact, the progress has been so great that new capital is literally swarming into the field.

It better behooves us to be modest an let others speak for us. The banks t whom we owe money are waging the figh on our behalf. The merchants who know the benefits of our cash in their trad gladly lend their assistance to us. Th Chambers of Commerce to which we be long are prepared and willing to defen and protect us.

Our job is rather to merit the suppor which we enjoy and to bend our effor to live up to the expectations of ou neighbors. We should now throw our selves into the campaign against the loa shark evils with ever increasing energ We should place ourselves as banne bearers at the head of the great arm which is opposed to exploitations of th weak and innocent. We must carry th shield that protects the improvident an the uninformed. We must wield th sword of active attack upon the greed and extortionate methods of despise profiteers wherever we find them, they in the money lending field or an other.

This is the intensive campaign that would urge upon the Industrial Lende Association instead of propagand printed matter or advertising. Bett far are progressive actions, progressi deeds and progressive achievements.

Mr. Arnett or Mr. Broughman of t Legal Loan Co., might have had a di ferent experience and can report on the advertising of the last six months.

The regular meetings of the Ft. Way Lenders constitute the best kind of pu licity.

The following little story has come my notice, which is very apropo:

"Mrs. Jones had been to a politi meeting and when she returned ho she regaled her husband with her pa views.

"'We are going to sweep the count John,' she exclaimed.

"'Then,' remarked her husband, 'y —had better start with the kitchen, dea —*Benjamin Blumberg.*"

The president thanked Mr. Voigt reading the paper, and called for a d cussion of the subject in hand. Arnett, of Marion, recalled talks with Mr. Blackburn, who was making a sur of the loan business in Wisconsin. said that Mr. Blackburn felt it was great mistake for you to run ads defe ing your business, as you are only hurt yourselves. He said that such busin as photographers and laundries used be more educational and that now t are running more straight advertising general nature. Mr. Arnett insisted t it was bad business to run ads to people to come into a loan office beca in such advertising you are on the fence. He agreed with Mr. Blumb in his views. Mr. Broughman said t his company did no seasonal advertis except for taxes. He advocates strai advertising of a meritorious busin giving value received. Mr. Broughr advocates straight advertising, not s sonal.

J. H. Aufderheide gave his views favoring a general advertising on merits of the business, and thereby ate a better impression of the busin He cited the fact that the Georgia S Association does considerable adver ing in a general way in a magazine sued by the Atlanta Chamber Commerce. He thinks it is a good to advertise the loan business in a

eral way, and cites the advertising of "Eatmore Cranberries."

Mr. Kaufman also called attention to the fact that it was bad business policy to advertise in such a way as to create the impression of trying to justify the business. He considers it a better idea for the lenders to join their Chamber of Commerce, Better Business Bureaus and sell themselves to the people of the community.

Mr. Hancock also stated that he thought the better way was to sell the idea to ones friends, and let them sell the idea rather than trying to advertise in newspapers.

Mr. Arnett expressed himself as being in accord with the idea of letting the customer become a booster for the business.

Mr. Calender of Marion: His view was that in an advertising campaign you never knew from where you get the most returns. He stated that he agreed with Mr. Aufderheide that you advertise what you have to sell. The time for advertising to justify your business has passed. People borrow money for their needs and if we have money to sell, money is what we ought to advertise. He stated, "Our method of advertising may be a back number, but our idea is to loan money and keep money to loan and get people to borrow it. We advertise and offer it and are glad to have anyone make application. Our investigation is mainly along the line of what general purpose the money is to be used for. I don't believe the loan business can any more state the purpose for which money is to be used than a bank. Also, I believe that educating your friends is a hopeless task. Your friends will kid you about your 3½% interest if you come out in a new suit of clothes or a new coat. I think, with Mr. Aufderheide, that if we are going to do associated advertising, we should educate people where to come to borrow money."

Mr. Thompson stated that he was sold on the national educational publicity campaign. He cited the instance of the California Fruit Growers Association in their publicity campaign on oranges. He stated that now, instead of an occasional orange you met them almost every morning at your breakfast table. He further stated, according to the advertisements, they are good for you almost any time of the day, between meals, and I understand they are widely used at evening gatherings, though not for eating purposes." Mr. Thompson further cited the advertising campaigns of the Standard Oil Company and the Metropolitan Insurance Co. He stated that he was sold hard on the national advertising campaign by Industrial Money Lenders. The fellow in business man is in need of education along this line, to create a proper public sentiment. In closing, Mr. Thompson said, "In Marion I understand the competition is keen, because every other door in Marion is a loan office, just as a few years ago in this town, every other door was the same business, and that business was not the loan business."

The president next introduced Mr. Fred J. Schurman, manager of the Metropolitan Co., of Indianapolis, who, he stated had wired a request to be placed on the program, he to select his own subject. The subject selected by Mr. Schurman was, "What Is a Skip?" Following is Mr. Schurman's address: "I never had a skip in my life. I looked up all the old data for years back to find out the meaning of the word and find its meaning to be 'A Lender's Cootie.' If you have a lot of them you can't reach, they are hell."

The foregoing address brought forth discussion relative to locating a skip, and Mr. Schurman says if you will properly fill out application, you will never have a skip. In his opinion, a borrower is not a skip as long as you can locate him.

Mr. Thompson gave the following incident to show how one skip had been located: The borrower was a telegraph operator, and the manager of the loan company procured a toy flipper bug which sounded like a telegraph key when it was flipped. He then called the aunt of the client over the telephone, telling her it was the Western Union Telegraph Co. with a message for the borrower, and by using the toy bug, made the sound of a telegraph key. The aunt gave the manager the address of the "skip."

Mr. Arnett mentioned the new postal regulation with regard to third class mail, where a notice is put on that if letter is not delivered at address given, 3c postage will be sent for card showing present address.

Geo. Farrington of the Commonwealth Loan Co., of Indianapolis gave an instance wherein a skip was located by sending a letter, registered, to John Jones, in care of Jos. Ross, the latter named being the skip which you are trying to locate. The letter was sent to the only known address, and forwarded to another address in Chicago, where it was signed for by a third person. When the registry card was returned, Mr. Farrington called at the post office, making complaint about the letter being delivered to other than the party addressed. The post office authorities got the letter back, showing the address to which it had been delivered in Chicago, and in this way the man was located.

Mr. McCullough of the McCullough Advertising Agency called attention to the use of fourth class advertising matter for use in correction of mailing lists. This calls for a special quantity. Postage rate on general advertising pieces was cut to 1c so that bulk mail could be handled at smaller expense and they could build volume of mail handled. You must mail at least 200 pieces under the new section 435½ P. L. & R. In this you may use return cards, which will be returned to you for 2c postage, payable by you on its return. Mr. McCullough says that before using this system you should procure a bulletin from your post office, which describes how the printing should be done on the cards and envelopes. If this is not done in accordance with the regulations, the post office will not accept your circular pieces. Mr. Schaffer, of Bedford, stated that he understood you must put up a 10% guarantee in advance, on amount sent out, but Mr. McCullough says you purchase a permit and make a deposit of 10%, but if the return falls below this amount, the difference will be returned to you.

Mr. Kaufman stated that he considered that any man who had moved out of your territory, and you required someone else to locate for you, was a skip. His idea that the right kind of an application taken when the loan is made, will eliminate much of this trouble.

Mr. Money, of the Capitol Loan Co. of Shelbyville, says that he has a good plan whereby, if the applicant has children of school age, he can go to the School Board and find the school to which the children are transferred. Under the school law, the information must be given when children are transferred from any school.

At the close of this discussion, the meeting was adjourned to the dining room, at 12:15, were luncheon was served.

Entertainment during the luncheon was provided by Miss Dennis Gray, soloist, Miss Ernestine Walker, dancer, and John Day Friday in black face songs and jokes.

A number of business and professional men of Shelbyville were guests at the luncheon, and these, together with the members of the Association, introduced themselves.

The president introduced Mayor Emmert, of Shelbyville, who welcomed the visitors in the following manner:

"I want to assure all of you gentlemen that I consider it a great honor and privilege to welcome you here to our city. I just intend to say a very few words, for two reasons. First of all, you would not want to hear me say much, and second, I am a politician, and like all politicians after a campaign, I am about talked out. I see a number of the bankers here and I felt as I looked over them, the responsibility a man has when he handles money. I know that when I pass a paper through the window at a bank, with my signature on it, I wouldn't care to be in that banker's place.

Of course I know that most of the loans which you make are made to people with limited credit, people who do not pay the greater amount of taxes to keep up our government, and yet it seems to me that the responsibility which you bear to the State is all the greater for that reason. You no doubt have people coming to you for loans for all purposes, all different classes and kinds, and it is a great problem to know when a loan should be made and when it should not be made. During the last three years I have had to do with the assessing of many fines. One morning I had a woman come to my house to talk to me about her husband, who was an habitual drunkard, and against whom I had recently placed a fine of $40.00. She wanted to know whether

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

Frank P. Bennett, Editor, *United States Investor,* Boston, New York, Chicago, says: "This book helps to clear up much of the confusion which has existed on the subject of usury."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

she should get a mortgage on her household goods to pay the fine. She did take the chance and her husband has come through and straightened up, and has not been arrested since. I suppose you have such things to meet all the time, and I am sure all those familiar with business understand that you have them to meet, and that you meet them well.

I am a little sorry that this meeting did not come just a little later. You will notice that we are considerably torn up, with paving and building going on here. We lost our City Hall and are now building a new one. But I am sure the city administration will be glad to see you back later, when we are in better shape to give you the welcome you deserve."

Mr. Thompson: "Thank you very much for the welcome, and on behalf of the Industrial Lenders Association, I will say that we are happy to be here. The local fellows are especially happy that members of the City Administration, business men and professional men of the city are with us, and we are very happy, as an Association, to meet in Shelbyville."

Harry E. McClain, of Shelbyville, was introduced, and his humorous talk was thoroughly enjoyed.

Mr. Thompson introduced Mr. Elmer Johnson, State Supervisor Industrial Loan Division of State Banking Department, whose address follows:

"It again affords me great pleasure to be with you on this occasion and just say a word of greeting to you at this time. Circumstances are different this time than any in the last eight years. This is, in a way, my valedictory, and I take this opportunity of expressing my extreme pleasure in having been associated with you during these last eight years. I trust that my successor may be accorded the same support that you have accorded to me. I dare say that during these eight years the support has been unanimous. We have gotten along and made progress that will count. I am sorry that we did not have supervision before we did, but you all know how strenuously we worked until we finally got it in 1928. In examining the loan companies, out of about 300 licensees, we have examined about 250, and have about 50 or 60 yet to examine in Northern Indiana. The first time around the Examiner has tried to work out a system of uniformity, and I want to express my sincere thanks for the way the companies have accepted and received this service of examination. They all wanted it and have it and are responding, and I know of no reason why it cannot be in force and effect for years to come. Indiana being the first to pass the Uniform Small Loan Law, made many errors. The states now passing it have more modified form.

I want to impress upon you one thing, and that is when the examiner makes a request that certain things be done, or that certain supplies be used, he is not trying to force you, and that he is not selling supplies. We are interested in establishing a system of uniformity. Buy your supplies from whomsoever you will. In certain cases where a licensee has a large supply of forms, we have not even urged that the new form be used until this supply is exhausted. Among the forms advised is the correct mortgage form. Certain clauses must be in the form to carry out the law, and it is more to your interest than ours that you comply because if a case came to trial and that form was an issue, you would then be in line with the ruling if the proper form is used. We are giving all the offices plenty of time to get the proper forms and are getting the offices lined up in good shape. In working out the proper forms, I had in conference loan men from many offices so that in the clash of opinions we could work out something for the best interests of all loan men.

We trust that the future administration will be along the same line and you men will help and coöperate with each other. In some states the loan men have done a great wrong in not having men appointed who are in accord with the loan men's business. I want to see to it if we cannot get someone appointed who is in accord with the business here.

In leaving that field, I can only leave with regrets, but at the same time I feel that in going into the loan business myself, which I will do in the near future, I want you gentlemen to feel that at any time that I can be of service in any way, (and I am not saying this to butt in, or take the place of someone else), but I am offering my services, and am sincere in saying that I hope the friendships I now enjoy will continue in our new relation."

At the close of the talk, J. H. Aufderheide made a motion that Mr. Johnson's name be placed before the Association as a member. Motion was seconded and unanimously carried.

Mr. Thompson: "I wish to thank you on behalf of the Association. Your coöperation has been of the highest order and is deeply appreciated by all. We only feel deep regret at your leaving but are happy that you are coming into the ranks of the Industrial Lenders Association. Our organization will gain in your joining us."

After expressing appreciation to the guests of the city, the president adjourned the meeting until the afternoon business session.

The afternoon session was called to order, with C. E. Durnell, first vice-president, presiding. A telegram from Roy Hartz was read: "Best wishes for a successful convention. Regards to all."

Charles O. McBride, of the Jefferson Loan Co., of Madison, gave the following paper on "How the Industrial Loan Business Is a General Business Barometer":

"As you all know, Madison, my place of residence, is not an industrial center but on the other hand is situated in the center of an outstanding tobacco growing section, tobacco being the principal crop raised on quite a number of farms in Jefferson County, as well as Clark County on the west, and Switzerland on the east of us.

"The Madison Loose Leafe Tobacco Market disposes of about six million pounds of tobacco each year in three months season, the average crop per grower running from 1,800 to 2,000 pounds. A large per cent of Jefferson Loan Company business is done with the farmers of this district, and the tobacco business is about the largest business of our community. This being the case I am going to take the liberty of confining my remarks to this particular business, feeling sure that the same condition exists regarding all other lines of business.

"During the fiscal year of 1918-19 my company experienced what I might call an extraordinary gain in outstanding loans, and by investigation we find that the tobacco market was experiencing an extraordinary boom.

"Twenty to thirty cents per pound was considered a very good average for the individual farmer to obtain for his crop, but there were many instances in the 1918-1919 sales season where the individual average went as high as 75 to 80 cents per pound, while 50 to 60 cents was a common individual average and several lots in this high priced tobacco bringing as high as $1.00 per pound, and some grades in the individual crop. These prices of course were abnormal and could not be supposed to last and were caused by the keen competition between manufacturers to obtain a large purchase which was necessary because of the enormous increase in cigarette consumption.

"Incidentally, I might explain to some of you folk living in the northern part of the State in sections not adapted to tobacco growing, that a tobacco plant 10 to 12 leaves make at least six different grades, and these six grades may in turn be divided into several other grades according to color, texture, length and quality. One man's crop might be divided into 10 to 12 different grades, the prices ranging accordingly.

"The year 1920 was a bad year for tobacco prices, due most likely to general deflation period after the war, which

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Fourteenth Annual A. I. L. A. Convention held at Grand Rapids, September 19, 20 and 21, 1928. Membership Directory. Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 196 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

The Secretary Says:

he is grateful to the members and friends who sent him greetings at Christmas time and wishes to take this opportunity of thanking each and every one for their cards, and at the same time hopes all of you had a happy Christmas and will have a healthy and prosperous New Year.

not affect us materially, as the following ear the farmers in our tobacco section rganized, forming the Burley Tobacco rowers' Coöperative Association. This rganization handled the tobacco for its nembers throughout the year 1921 up to nd including 1925.

"At the time of delivery of the crop o this Association each season, the grow- r was paid approximately one-third of he value of his entire crop, which was raded in by expert graders at so much er 100 pounds for the different grades. The tobacco was then handled by the Association and held until in its judg- ment the price was at its peak, at which ime the tobacco was delivered by the As- ociation to the manufacturers.

"In many instances the one-third ad- ance price received by the grower mounted to as much as said grower ad received for his entire crop in many ormer years, so it goes without saying hat the Coöperative Association was a ood thing for the tobacco business.

"Our records of the year 1926 do not how as healthy and normal an increase n outstanding loans as previous years. Now let us see what the tobacco market s doing at this time.

"During the early summer of 1926 he growing tobacco crop looked very romising for a bumper yield. At cut- ing time, the last of August and early art of September, a rainy spell set in. This rain lasted so long that the tobacco imply rotted in the field, the farmers aving approximately 50% of the crop, hat is to say, about 50% of the crop as cut and hung in the barns to cure, fter which time a further loss was in- urred by reason of the tobacco 'house- urning.' The warm weather causes obacco to turn black in the barn during he curing period, cutting the sale price f such tobacco as low as 1 to 3 cents er pound.

"The 1926 tobacco crop sold for a eason's average of about 10 cents per ound, many farmers realizing an indi- idual average of from 3 to 5 cents per ound, which lacks a great deal of pay- ng expenses of raising.

"During the year 1927 I was forcibly mpressed a number of times with the lose relationship of the Loan Business ith the other lines of business, and it is ny observation that the good class of orrowers absolutely will not borrow un- ess they can see where the money is oming from with which to repay, and if heir particular line of business is in a lump, it is a foregone conclusion that he loan business is going to suffer ac- ordingly.

"For instance, after our 1926 tobacco ales there were any number of farmers who were unable to meet their obligations n full and as a consequence were mighty eluctant to negotiate loans throughout he calendar year of 1927 or until their 927 tobacco crop was marketed.

"At this time, I am glad to say, that e are having a very healthy demand in ur tobacco section, which demand has een consistent throughout the past sum- ner.

"Again we will return to the tobacco narket—the 1927 crop sold for a very atisfactory average of 20 cents per ound. This year's crop, while a little elow normal in number of pounds, con- ists of an extra good quality and color nd will very likely bring an average rice of from 20 to 22 cents per pound. This average is based on the full number of pounds sold over the loose leaf floors during the entire season, many individual crops bringing averages ranging from 16 to 40 cents per pound. I am confident that the year 1929 will see a continuation of a healthy demand in our tobacco sections.

"From my personal observations, it is very plain to be seen that our business is only good when other businesses are prospering, and I think it is a self-evident fact that the Industrial Loan business is an excellent barometer of other business conditions in general."

Very short discussions of the views expressed in this paper followed, in which various members agreed with Mr. McBride.

The chairman introduced Geo. W. Farrington of the Commonwealth Loan Co. of Indianapolis, who spoke on "Have Industrial Lenders Kept Abreast of Business Progress." Mr. Farrington said, in part:

"Whenever I hear a speaker introduced, or one who is to read a paper, I think of a story about a fellow on a lecture course program in a small town. The chairman came out, and said, 'Ladies and gentlemen: We have been holding this lecture course for a number of years, and have always had a deficit. This year we looked ahead, and decided to get much cheaper speakers. I therefore take pleasure in introducing Mr. Blatherskite Jones, who will now address you.' I have talked to this organization so many times I feel ashamed to talk again, like the colored preacher who had had the same charge for many years. At the beginning of a certain year he complained that his salary was not sufficient to meet expenses, and asked for a liberal contribution. One big coon in the back of the house kept saying, 'We won't pay for them sermons.' After he had made the same remark a number of times the colored preacher finally asked him why he wouldn't pay. He replied, 'We paid for them sermons last year.'

"In making up the program, Mr. Money asked me to tell the loan men whether we are keeping up with other lines of business. I don't want to answer that directly. I am like politicians —they don't answer a question directly; they evade or side-step it, and I have the same privilege. We are going to be out of luck if we don't keep up. I was wondering just what progress is, and find that Webster says it is a forward movement which might slow up but never entirely stops or retreats and never reaches perfection. We never reach the stopping place. We must keep on. In science I think the world has progressed more in the past 25 years than in the 1,000 years before. This is due chiefly to the slowing up of resistance. Columbus couldn't get anyone to take stock in his statements. He must demonstrate them before anyone would believe him. To-day, people would have said, 'Let's give him a chance.' About 30 years ago a certain young man who had been brought up in a gloomy, religious atmosphere, and had done the same things in the same way as his father and grandfather had done, said that he was leaving the country because things were not to his liking. Human voices were coming in over little wires; arc lights were taking the place of the comfortable darkness he had always known; machinery was taking the place of the hand crafts he loved; the whole accepted social structure seemed to be overturned. Women had actully taken positions in shops and stores and some went so far as to even talk politics. Young folks were even defying their parents to the extent of choosing their own life mates. New political parties were springing up. So he left the country, but his leaving did not stop progress.

WHAT PRICE

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To-day, there are thousands of honest, well-meaning people who don't believe in progress for the reason that they don't want to make the effort. We also find that the thousands who are against progress are nearly always united, but the man who is for progress in any particular thing usually has to fight alone..... It has been said, since our last presidential election, that four years hence there won't be any Democratic party. They were beaten so badly that they will quit. However, it is very likely that if they go, the Republican party will go with them, because this is a two-party country, so we may have two new parties, the Progressives and the Conservatives. So you can begin to figure now on which one you want to join. When George Washington headed the colonies, he was considered very progressive. To-day we think of him as one figure of a big progressive movement. He had few people who could see the outcome of the war. The Tories were against him, and said, 'Let's let well enough alone.' That is a familiar phrase to-day. The majority of the people say that same thing, but if we had done so, we would still be under the high interest rate.

"J. H. Hudson, in his address at Grand Rapids, made one statement about some things which we might call his vocabulary of progress. He said, 'This is the age of airplanes, radios, short skirts, bobbed hair, apple sauce, and bologny.' These represent the latest words in our vocabulary. He was close to the line when we realize that the words are so new we hardly know what they mean. I don't know yet what bologny means. I used to know. It was something everyone ate but no one would admit it.

"I heard a man say once that the most painful thing a man can have is the birth of a new idea. They are so rare and when you have one, it is painful. But that pain is not so bad as trying to get it accepted by someone else. It certainly makes you mighty unpopular. Once a butcher was thrilled with a new idea in advertising. He had seen the ad, 'Milk from contented cows.' He thought that such a fine idea that he put a sign in his window reading 'Sausage from pigs who died happy.'

"We have made wonderful progress materially in the loan business during the past several years and this in spite of the fact that progress goes swiftly in material ways. We deal with humans, and there has been no change in such things as feelings. King Solomon, when building his temple, had the same trouble with his workmen that we have. We must progress more ways than materially. Looking back to biblical times, it would be hard to find a bigger liar than Ananias, or a bigger windjammer than St. Peter, or a bigger organizer than Moses. Where can we find a bigger fool than Esau, who sold his birthright for a mess of Hungarian goulash.

"We have an elaborate code of ethics on how you should treat your competitor and employees; how to coöperate with the State department; how to handle customers and meet the non-borrower. This is all explained in the code. They could all be put across in the one sentence: 'Love thy neighbor as thyself.' A more modern phrase would be, 'Treat your neighbor as you would like to have him treat you.'

"We have taken a greater plunge forward in the last ten years than ever before. We have doubled loan accounts and have found ways to put money out that we never knew of before. We have taken care of the dependent population of wage earners. The fellow who works for a living needs us. The fact that most of the inventions in the past ten years has been for the home and we finance the home, gives us many ways to increase our business. The loan man's vocabulary of progress is something like this: Frigidaire, water softener, oil burner, electric washer and taxes. These are the latest ways to spend money. We have a chance to finance those items. Loan companies should finance purchases for the home.

We cannot progress materially and not otherwise, and expect to get along. Educationally we have gone pretty far. Now loan companies require more education from a new man than formerly. Twenty years ago, if we could ride a bicycle, we could get a job with a loan company. To-day we expect a man to be fairly well educated. Also, we look ahead to see what kind of a man he will be when he gets developed.

"Socially, we should make ourselves felt. In Indianapolis there are a number of luncheon clubs, and there are almost none of them in which the loan companies are represented. In my opinion, that is one of the best ways to make ourselves felt on an equal basis with other businesses. In visiting the Universal Club the other day, I find there were no loan men there. There is a wonderful opportunity for social contact. The Exchange Club, the Rotary Club and the Optimist Club do not have a representative from the loan men's organization. The Lions Club and the Kiwanis Club are the only ones where we are represented. There is a wonderful opportunity to make people feel that loan companies are equal to other lines of business. If you belong to a lodge, make yourself known and get on the Board of Directors, and let them hear from you, so they will know that you are in the loan business.

"Spiritually, I cannot say where we stand. Members of the association are not really living up to the code of ethics. A man who is a respected member of the State and National Associations, but who owns offices in other states where there is no organization, does things in these unorganized states that would not be stood for in states where there is an organization such as ours. Where it is not necessary to live up to the code of ethics, he does not do it. Anything that you do that does not measure up is hurting the business. Personal conduct should be watched. If you are interested in finding out what kind of a person a certain man is, play golf, or some other game with him. When playing a game of any sort, he has let down on his business reserves and restrictions and becomes like himself. Things he does and says then will reveal more than talking on business subjects. At such times as this we are having our play period, and the public is watching us more closely now than ordinarily. If we have a convention where nothing but rowdyism prevails, we are hurting ourselves, for we are leaving a deep impression by our actions, and it pays to be on our best behavior. A man once wanted to sell me a small automobile of popular make, and I asked him why he didn't advertise more. He told me that he didn't need to advertise, for the machine advertised itself, and t more you drove it, the more it advertis itself.

"Another thing holding up progress something not within our power to chan and this is the disruption of the hon Fifteen or twenty years ago we coun divorces by the dozens, and now we co them by the thousands. A big hazard the loan account is domestic trouble. P ple don't stay at home like they used The women either work or run around. a loan man is looking for someone, doesn't find anyone at home. Home seems to have gone the wrong way. cannot do anything about it. Sometim we are asked advice on this subject, a my advice to a man asking such questio would be to stay at home a few evenin and get acquainted with your family. read a good book, instead of the ne about murders, divorces, etc. I rec reading a story about Wendell Phill A storm came up when he was on way home one night, forcing him to s at the home of a friend. The weath remained bad, and Mr. Phillips insis that he must go on and his friend could understand why he should go out in s weather when he could remain where was. He replied, 'Well, Annie Phill is at the other end of that trip.' Anot example of this devotion between th was shown when at one time he was make a speech to an unfavorable audien and his friend tried to persuade him stay away. When he was unsuccessf the friend went to Mrs. Phillips and plained the situation. She told them would write him a note, which she and when Mr. Phillips opened the n found this message: 'Don't you buc an inch.'

"We must have conservatives to b ance and progressives to lead. At beginning of the world war a cert young man enlisted, and finally in course of duties was ordered to pat a certain settee. He passed back forth in front of the deserted seat, finally asked his commanding officer w this was done. The officer replied t it was according to order. The you man, not seeing why this should be do inasmuch as the settee was of no va and therefore in no danger of being stol and no one ever sat on it, asked the offi to look up the order. This they did, found that the order was given beca the seat had been painted and the pat was to prevent anyone from sitting it. And the order was written a hundr years ago."

In the discussion which followed, Calander said, "Let us know where are going before we go forward. Th was once an old southern gentleman, w had a personal servant who looked af him. Finally the old gentleman died, one of his friends had called to pay respects. In talking to the old colo servant, he said, 'Well, George, y master is dead.' George replied, 'Y he left about four o'clock this mornin The friend said, 'Well, I hope he gone to heaven.' George said, 'Yassa hopes so. But you know when he was go on a trip any where he always had go and buy his ticket and reserve state room, and sir, he ain't got no res vation for this trip.'"

Mr. Burrell remarked that in his op ion the Republican Party was a long v from dead.

This being all the discussion, the cha man introduced Mr. J. Haines, Field I

miner of the State Banking Department, who spoke on "How Coöperation Between Office Managers and State Bank Department Examiners Can Be Improved." His speech follows:

"Last March while working on the examination of the State Savings Bank in Indianapolis, Mr. Barr from the department called me by telephone, and said in his familiar voice, 'Jake, come up here immediately.' I dropped my work and hurried to the department wondering what had happened. This was what took place and what he said. We are required to put an examiner on the Chattel Loan business of the state and we have selected you as the one to take it. You can imagine my surprise, not knowing anything whatever about it and having never been inside of an industrial loan office, how I felt. For my impression of a loan office was years ago, when you heard of one of them mentioned, you thought of crooks, sharks, and everything else but honest people.

"I was somewhat shocked and must say, dumbfounded at this request and said to Mr. Barr, 'Do you mean this as a promotion or demotion?' to which he replied these words, 'Well, damn it, we want you to take it, and by G— if you don't like it, you can go back to what you are doing now, but we want you to try it out.' Well, my first thought was, I would try it for a few days and report that I did not like it and preferred to go back to the work I was on. So I was informed I was to work under our good, worthy co-worker, Elmer Johnson, and with his long experience and knowledge of these companies, I found myself getting ready to try this new adventure. How well do I remember how with fear and trembling I entered the office of Mr. Mitchell and started in on him. He was so nice to me and considerate, that before I was with him very long, I felt pretty easy and before I hardly realized it, I was making an examination. I must say that my experience for one year on Building and Loan work and two years on banks, gave me great help and confidence in working out plans to make the required examination and I also wish to state, I have never met a finer bunch of people than the ones conducting these offices, and out of two hundred and sixty I have visited, I think only two or three have made any objections whatever, and have at all times been willing to coöperate in any way that seemed for the best.

"Of course, I have had many experiences and I wonder if the experiences I had not been so varied and different, if I couldn't have told it much more compact than to have had so many.

"I must confess, that many of my first attempts to examine were not very complete and was wondering what the managers and office force were saying when I left. But I was studying and working out some new detail on everyone I worked out until now I feel I have a routine in which I go through that I feel is doing a lot of good and getting the business systematized and on a plane that ranks with either building and loan or the banking business.

"Among the discrepancies found, were wrong form of mortgages used, excess interest, interest in advance and so many items, and very few alike.

"My idea is and I feel I have succeeded in almost all I have examined, is to get them on the same basis, same methods, same card reports, etc., which speeds up examinations and makes it much less complicated for the examiners. Banks and building and loans have the same forms, same blanks and same reports, so why not the industrial loans. So I have tried to install the same and best ledger card in my judgment, same mortgage, same daily or cash statements and same reports, to which I am glad to say, most companies have and are willing to accept.

"One of the most common discrepancies in many places I find is holding to the due date and collecting interest for thirty days, whether it is paid before the date, which would be in advance or several days after, which makes it lapse. I aim to make it regular, interest should be collected to the day that it is paid, whether ten days or forty days and in my judgment, this is the only correct way. When done this way, you have a complete entry on your ledge card up to the date paid.

"Probably there were more companies using wrong form of mortgage than any one of the discrepancies found. This was a very easy matter to adjust and am sure all visited are now using correct form.

"Another serious error in my judgment, and which seemed to be about as hard to handle was, the desire of a number of managers to want to collect interest on the thirty-day plan, that is, holding strictly to due date. If a customer came in any number of days before interest was due, collect for thirty days and if he came in any number of days after due date, also collect for the thirty days. But the one and only correct way to handle this is to charge or collect for the number of days it has run, whether it be ten days or forty days. What I consider a regular account is where the date paid and the date paid to, are the same. Of course, the date paid to can lapse, which really shouldn't be, but it positively can not run ahead of the date paid.

"Another error also found is on additional loans. I find in a number of cases, where instead of making a new ledger card for additional loan, amount of additional loan is just entered on original ledger card. This must not be, either original loan should be paid off and new loan made for balance on old plus additional or a new separate card made and entries made for the additional loan. Unless it is handled either one of the above methods, ledger card and mortgages would not check, which is and must be.

"Also have found in a few cases where fees for recording and releasing, also notary fees were collected, no record kept and no recording or releasing done. This is absolutely wrong.

"Still another found in a few instances where the industrial loans were made on plan of Auto Financing and interest rate charged as in industrial loan.

"I think I know of no business where proper management shows more than in the Industrial Loan business. It really depends on management to be a successful loan business, and also feel that nowhere is the result of courtesy shown more clearly than in this business. I hold that it is up to the manager and that he can handle and sway his customers to suit himself, the sequel being to get next to him and hold him just where you want him.

"You can always immediately tell on examining a company, just how it is managed. A real manager you will find, has regular collections, that is, interest paid up and payments made regularly on principal according to contract.

"One of my hobbies is, getting payments on principal as regular as interest payments, which is according to contract you have signed. Make their payments small enough so they can reach them, then insist on making them and the proper time for obtaining all the above results is when making your loan. Then is the time to do your collecting.

"I wish and hope to know more about the operative side of the loan business, which of course I don't know much about, but can foresee where it can and must be on just as high and safe a plane as either the Banking or Building and Loan business.

"I am under many obligations to many of the managers for the help and coöperation given me and especially to Elmer Johnson for his excellent tutoring and efficient advice in directing and advising in what I consider a step in the right direction in raising these companies to a higher and better plane, for I certainly believe that the Industrial Loan companies are a necessity to the growth and welfare of almost all communities."

In the discussion following this talk, Mr. Thompson said, "Our experience with Mr. Haines has been highly satisfactory. I was very favorably impressed with the way he conducted an examination. He asks for the card accounts, the control accounts, and then checks back to see that they agree. He shows great

1928-9

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Chicago

fairness to the borrower. He is likewise careful to see that the proper interest charges are made. He would prefer that you collect the interest to the day it is collected. Interest can lag behind, but can never go ahead. It is the duty of every loan man and you owe it to your business to coöperate to the fullest extent and, knowing the attitude has been one of fairness, I think we will have no trouble in coöperating to the last request. We should all bear in mind the thought that the Uniform Small Loan law is a borrowers' law and drawn to protect the borrower. If you will remember this you will have a lot less inclination to deviate from requests. Let us keep them requests, and not allow them to become demands. It is much easier to do something you are asked to do than to do something you are told you have to do."

The members of the association discussed with Mr. Haines his policy, and the policy of the Department, of requiring that the interest charges be collected up to the exact date of payment. If a borrower pays a few days in advance of date due he is entitled to the smaller interest charge, whereas if he is behind a few days in his payment, he should be required to pay the additional interest for those days. All of the members of the association were unanimous in their praise of Mr. Haines' methods of examination, stating that he did everything in his power to cause the least trouble to the office he is examining. Discussions along these lines were by Mr. Calender, Mr. Money, Mr. Hancock, Mr. Aufderheide and Mr. Durnell, and Mr. Chencworth, Mr. Mathis, and Mr. McBride.

Mr. Durnell then called attention of the members to the bulletin, asking whether they thought it worth while. They were unanimous in wanting the bulletin to be issued, which will be about January 1st. Mr. Durnell requested that all members send in the personal items for making up the bulletin. He also called attention to the fact that he would be able to give the members the address of Mr. Hartz by that time.

At this time Mr. Thompson again took charge of the meeting. Mr. A. C. Broughman made comments on his surprise that the association could be entertained in such a pleasing way by the Shelbyville members and asserted that he had enjoyed himself very much.

Mr. Aufderheide made a motion, which was seconded, that the association give the Shelbyville boys a rising vote of thanks for the splendid entertainment afforded.

Meeting was then adjourned.

CHARLES C. MCBEE, *Acting Secretary.*

REPORT SMALL LOANS BEYOND BANKING FIELD

Trust Company Says Only 20 Per Cent of Borrowers Can Meet Requirements

With small loan transactions amounting to nearly $3,000,000,000 last year, the magnitude of these personal requirements of individuals is attracting attention among financial institutions, according to a survey made by the New York Trust Company. For the most part, says the trust company in its report, this vast volume of business is supported by collateral in the form of personal property

A NEW SCIENCE OF FINANCE

In the last twenty years, many books have been written on Commercial Banking. There are histories of banking, books on banking theory and on monetary economics and on the Federal Reserve System.

More recently there has also arisen an organized body of knowledge regarding Investment Banking. The Science of Investment Banking is not as well built up as the Science of Commercial Banking, but nevertheless, it is a Science.

In the last three or four years, a third Science of Finance has just come into existence. It is the Science of Personal Banking. This is the Science of our own business. It includes all kinds of personal loans and personal credit.

The American Industrial Lenders Association welcomes this new movement to build up a Science of our Business. When this Science is better understood by the public our business will be better understood and the service we perform will be more appreciated.

We strongly urge every Lender to become acquainted with the principles underlying the Science of our Business. To this end every man in this business should study and master the great pioneer book USURY AND USURY LAWS by Dr. Franklin W. Ryan formerly a member of the staff of the Harvard Business School and now Vice-President of the National Cash Credit Corporation which operates a chain of 38 loan offices.

Order this Book for $2.50 Postpaid from and Remit to

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posited with the lender or by chattel ortgages accompanied by a single-name iper.

"Banks and such organizations as the orris Plan system, however," continues e report, "will only handle that portion the demand which can offer acceptable dorsements. That is to say, commercial nks are not departing from the sound d cautious practice of requiring at least o endorsements of acceptable sponsors on every note. There is reason to be-ve, however, that only about one-fifth, d certainly not more than one-fourth, the demand for small loans can meet ese requirements. From 75 to 80 per nt of the gigantic need, which is repre-nted in the $3,000,000,000 involved in all loan transactions, is of a sort which nnot satisfy the banks.

"In the past twenty years 'loan sharks' und ample opportunity for exercise of eir unsocial activities. With banks re-ctant until recently to assume any por-on of the service and with the socially inded small loan companies restricted lack of sufficient capital, the need as in large measure met by 'loan arks' at unconscionable cost to the rrower. The extension of laws modeled the uniform small loan law has re-uced the activity of 'loan sharks.' This ve to licensed lenders an amount of siness for which more capital was cessary.

"The participation of outside invest-ent capital in this small loan business n greatly aid in solving this age-old oblem. The experience of most small an lenders indicates that the credit of all borrowers, on the whole, is satis-ctory. The record of losses has been nsistently below 1 per cent of all debts tstanding. It is apparent that the cost capital is a more important factor an the risk of loss through bad debts determining the cost of small loans. he dealers, with a larger capital equip-ent, can expand their operations and re-uce their charges because of lower inter-t costs."—*The New York Times*, 12-3-.

NO WAGE GARNISHMENT DURING HOLIDAY SEASON

OMAHA, NEBR., Dec. 8.—A moratorium the writ of garnishment is Judge eorge Holmes' Christmas gift to the maha workingman.

The Christmas season is no time, Judge olmes believes, to garnishee a man's ages or replevin a man's furniture, so ffective until January 1st no such writs ill be issued in his court.

"I haven't the heart to take the pay velope or the furniture away from a mily at Christmas time," he said.

COMMUNICATIONS

December 14, 1928.

EAR MR. KEHR:

In the INDUSTRIAL LENDERS NEWS you equest a comment on Dr. Ryan's book, Usury and Usury Laws."

For your information, the writer has ad about seven years experience in the istribution of securities of Industrial an Companies, both in his present con-ection and other affiliations, and can ositively say without qualification that, From the standpoint of an investment anker underwriting the securities of In-ustrial Banking Institutions, as well as from the standpoint of the salesmen in the field actually selling such securities, Mr. Ryan's book is unquestionably a most liberal education.

Very truly yours,
FELIX AUERBACH COMPANY
J. J. TEENEY,
Manager.

Sydney, Australia,
November 14, 1928.

DEAR MR. KEHR:

I wish to thank you very very much indeed for your explanatory memo. of October the 9th.

The brochures and other literature came to hand yesterday and I have found same very interesting and helpful indeed.

I wish to thank you also for your notes with reference to the Morris Plan. I shall take the liberty of writing to you later with reference to the matter.

Yours very truly,
MACINTOSH ELLIS.

December 29, 1928.

DEAR MR. KEHR:

The Maryland case which sustained the constitutionality of Section 16 is "Palmore v. Baltimore and Ohio Railway Company, 142 Atlantic 495."

I thought perhaps you might put this in the next issue of the NEWS since it is a valuable reference.

Sincerely yours,
LEON HENDERSON,
Director, Department of Remedial Loans, Russell Sage Foundation.

December 24, 1928.

DEAR MR. KEHR:

Thank you very much for the Year Book of the American Industrial Lenders Association for 1928. I have not had time to look it over carefully but know from former years it is very helpful and I am very glad to have the copy.

Hoping you will have a very happy and prosperous New Year, I am,

Yours very truly,
R. C. GLIDDEN,
Manager, Equitable Loan Association.

December 26, 1928.

DEAR MR. KEHR:

The largest by far Year Book that A. I. L. A. has ever put out is acknowledged. It is bigger and it is better than any one that we remember of. We have not had a chance to examine all of it but that part we have gone over makes us want to commend you as editor on its compilation.

Thank you for your coöperation in this and in all things.

Very truly yours,
CHARLES H. WATTS, *President,*
Beneficial Operating Bureau.

Kansas City, Mo., January 4, 1929.

DEAR MR. KEHR:

We thank you very much for the copy of the annual year book which was received to-day.

The writer notices with considerable interest the attitude of your organization towards the Better Business Bureau and the Better Business movement. We are glad that your mmbers are in such hearty accord with the objects of this organization.

Again thanking you for your courtesy in this matter, I am,

Very truly yours,
GEO. F. MCKENNEY,
Chairman, Finance Committee,
Better Business Bureau.

G. J. BADGER IS SPEAKER AT N. J. LENDERS' DINNER

MCCA Chief Tells of Value of Making Friends in Business of Industrial Lending

SIX HUNDRED ATTEND AFFAIR

Six hundred people attended the dinner of the New Jersey Industrial Lenders' Association which was held Thursday night, December 6, at the Elks' Club in Newark, N. J.

G. J. Badger, president of the National Cash Credit Association, spoke, as president of the American Industrial Lenders' Association, on the value of making friends in business, the necessity of winning the confidence of the people one deals with, this confidence being obtainable only through honest and upright dealing with the people, showing them our personal interest, helping them out of difficulties and solving their financial problems. It does not mean, he said, that when you have won over a man that you have won the friendship of one man, but goodwill, fair treatment and friendly advice, given in time of need, urges the individual to carry on the word to others who need help and thus he is the instrument through which many of his friends have been made our friends. The right word here, a hearty handshake there, and sympathetic understanding has helped many a man, making his burden seem lighter and giving him a new outlook on life, Mr. Badger declared.

Many of the executives of the NCCA Organization attended the dinner. Community singing was enjoyed during the dinner and dancing afterward. One of the speakers was Captain Irving O'Hay, Soldier of Fortune.

FLORIDA

The regular quarterly meeting of the Florida Industrial Lenders Association, was held in the office of the Personal Finance Company of Tampa, Room 308, Tampa Theatre Building, Tampa, Florida, on Wednesday, December 19, 1928.

In the absence of Chairman Reid, vice-chairman W. C. Tinsley served as chairman and called the meeting to order promptly at 8 o'clock.

The following members were in attendance: W. C. Tinsley and Mr. Saunders of the Mutual Finance Company of Tampa, J. J. Gallagher, A. T. Sanchez, Cus Bryan and Robert H. Givens, Jr., of the Personal Finance Company of Tampa, C. S. Phillips and W. E. Davies, of the Beneficial Loan Society of St. Petersburg, Sol Jacobs of the Personal Credit Company of Tampa. E. F. Moore, supervisor of the Beneficial Operator Bureau, was also in attendance. His helpful and valuable suggestions will prove a benefit and advancement to the association.

The minutes of the previous meeting were read and motion duly seconded and approved.

Treasurer C. S. Phillips reported a bal-

ance of $267.16 in the treasury with all bills rendered, paid. Secretary J. J. Gallagher, reported a total of twenty lincensees in the state, of which ten are members of the association in good standing. The list of licensees was perused with a view to determining the reason for only 50% being members of the association. After checking up, it was decided that only five of the licensees were eligible. A special effort will be made to contact these members, in an effort to have them join the association. The secretary was authorized to communicate with the Orlando Loan and Savings Company of Orlando, Florida, in an effort to sell them membership in the association. E. F. Moore was authorized to contact the licensees in Jacksonville and Miami, who are non-members of the association and report at the next meeting.

The secretary was authorized to write Comptroller Ernest Amos for list of licensees since August 20, 1928, the last list received was on this date.

Sol. Jacobs enlarged on views expressed in previous meeting, on the subject of an exchange bureau. Mr. Moore made some valuable suggestions as to the best methods of exchange, favoring the central bureau. The association went on record as being in favor of organizing an exchange bureau in every city where there is more than one licensee, that a more helpful service may be rendered the borrower. The Tampa lenders immediately decided to form an exchange bureau. Messrs. Moore, Saunders and Jacobs were appointed to look into and arrange for an exchange bureau in Tampa. This committee will endeavor to form a central bureau with the Merchants Association of Tampa.

It was called to the attention of the members that the next regular quarterly meeting would be election of officers.

After some discussion, it was decided that the annual meeting be followed by a suitable banquet. On motion duly seconded and approved, it was decided that the annual meeting should be held in Tampa, on Friday, March 28, 1929, place of meeting to be arranged by the banquet committee. On motion duly seconded, W. C. Tinsley was appointed chairman of the committee, with power to appoint his coworkers and arrange for the annual banquet. It was suggested that the committee invite Ernest Amos, State Comptroller of Florida, Senator Waybright, of Jacksonville, Senator Whitaker of Tampa and the Mayor of Tampa, to attend as guests. Mr. Moore was requested to invite Charles H. Watts, president of the Beneficial Operating Bureau of New York to attend the annual meeting and banquet, and address the members and friends on a subject of timely interest regarding the small loan business.

On a motion duly made and seconded, the association was authorized to approve a sum not to exceed $50 when called for by the committee toward defraying the expenses of the annual banquet.

Vice-chairman Tinsley called the Tampa members' attention to the seriousness of a tax ordinance which was passed by the City Council in 1927, in Tampa. Under this ordinance, each member will be assessed on the notes and mortgages in their possession in addition to personal property. Since none of the lenders voluntarily filed assessment, each one was assessed $10,000. This matter is being gone into very carefully to determine whether or not the lenders should pay, whatever is done, the Tampa lenders should coöperate.

There being no further business to come before the meeting, on motion ma seconded and carried, the meeting a journed.

J. J. GALLAGHER, *Secretary*

Hodson Group Makes Merry at Annual Christmas Part

Santa Claus Distributes Gifts

The Sixth Annual Christmas Party of the Hodson Group associates of the Headquarters Personnel of Beneficial Operating Bureau, Inc., Clarence Hodson & Co., Collateral Bankers, Inc., all of New York City; Bankers National Life Insurance Co., of New Jersey, N. J.; and American Loan Company and Beneficial Loan Society of Wilmington, Delaware, was held in the Grand Ball Room of the Waldorf-Astoria Hotel, New York City, Thursday evening, December 20. Places were set for four hundred and one associates. Mr. Frederick Fischer presided as Toastmaster, and directed affairs to a grand success.

A sumptuous nine course dinner was served followed by brief addresses and loving cup presentations by the Presidents of the various companies to the winners of intra-organization athletic contests. These contests were held last fall at the Annual Outing.

The outstanding event of the evening was the presentation to the Operating Bureau of a remarkable and life-like portrait of Colonel Clarence Hods Founder of the Hodson Organizations, the Directorate of the Beneficial Lo Society, pioneer parent company. M Charles H. Watts, President of Operating Bureau, in accepting the p trait, paid high tribute to Colonel Ho son's vision, courage and great desire create a permanent business institutio

Veteran Rings were then presented Mr. Watts to six associates who h completed five years of service with Hodson Organizations. There are a proximately one hundred forty pers wearing these rings, signifying a range service from five to twenty-five year

Santa Claus with his two Esquima distributed gifts to the delighted dine His visit was followed by an enterta ing program of specialty numbers r dered by Hodson talent. General da ing concluded an enjoyable evening, music being furnished by the "Kentu ians," a well-known New York orch tra.

PENNSYLVANIA

The fourteenth annual convention of the P. I. L. A. was held at the Bellevue-Stratford Hotel, Philadelphia, on Wednesday, November 14, 1928, convening at 10 a. m., with 110 members present.

Chairman Bachofer, called the meeting to order, and upon motion of Mr. Moore, seconded by Mr. Millard, the reading of the minutes of the previous meeting were approved as distributed.

Upon motion of Mr. Hart, seconded by Mr. Kehr, the calling of the roll was dispensed with.

REPORTS OF OFFICERS

Chairman

Chairman Bachofer addressed the meeting and reported much progress during the year.

Treasurer

Treasurer Devine reported a balance of $698.28, with all bills paid.

Secretary

Secretary W. S. Herron, reported 201 members out of a total of 469 licensees in the State, with 8 new applications for membership to be voted upon today.

REPORTS OF COMMITTEES

Membership

Chairman V. D. Moss gave a very interesting report showing a gain of 37 new members during the year.

Publicity

Chairman E. F. Moore reported having received 4,130 lines of publicity in 45 cities and 67 newspapers, wh showed a marked increase of any p vious year.

Vigilance

Chairman Herron reported everythi progressing slowly but surely with ve few complaints from borrowers who w dealt with unfairly, and that they w all adjusted satisfactorily.

Convention Committee

Chairman A. V. Hart reported havi secured the National Convention of A. I. L. A. for 1929, and arrangeme have been completed at the Bellev Stratford Hotel for September 18th, 19 and 20, 1929.

Executive Committee

Chairman C. H. Watts stated that very successful year had been comple with only three meetings called. M Watts recommended on behalf of t Executive Committee, the procuring of bond for $5,000 upon the treasury. T matter was held open until the afterno meeting.

Upon motion of Mr. Moss, seconded Mr. Hartman, the reports of all the ficers and committees were received w thanks and ordered spread on the m utes.

Chairman Bachofer introduced to t meeting G. J. Badger, president of t A. I. L. A. and Mr. A. L. Snite, vi chairman of the A. I. L. A.

Report of Legislative Committee

Mr. Kehr, reported that there had be nothing done in Legislative matters as t Legislature was not in session, but th there may be the coming year.

ENTERTAINMENT COMMITTEE

Mr. Buck Chairman, reported that rything was in readiness for the cheon, and evenings entertainment and a fine time could be assured.

Chairman Bachofer now introduced to members L. K. Osborne, chairman the Publicity Committee of the A. . A.

Chairman Bachofer appointed the fol- ing members as a nominating Com- tee for the purpose of nominating ers and the executive committee; Mr. Kehr, chairman; Mr. Watts, Mr. ss, Mr. Ezekiel, Mr. Buck, Mr. Web- , Mr. McDermott.

NEWSPAPER COMMITTEE

. F. Moore, stated that it was un- standing that the duties of this com- tee terminated last year, and that he not been active this year.

UNFINISHED BUSINESS

Mr. Bachofer reported for the Invest- nt Committee, composed of the treas- r, secretary and himself, that three usand dollars of the funds of the As- ation had been invested in Liberty nds, and that the Bonds were now in custody of the treasurer. Upon mo- of Mr. Watts, seconded by Mr. ng, the committee was discharged n thanks.

National President Badger, now took floor and gave the members a splendid , which was well received, and upon ion of Mr. Bitting, seconded by Mr. ight, a vote of thanks was extended Badger.

The meeting now adjourned for lunch- , where we were addressed by Ralph Westing, director of publicity, Pit- n Aviation Inc., and W. Lawrence Page, technical expert for the same pany who gave very interesting talks answered numerous questions con- ning Aviation.

A rising vote of thanks was tendered Westing and Mr. LePage for their s.

The meeting reconvened at 2:30 p. m., the call of the chair.

Mr. Kehr reported for the Nominating mmittee, that they recommended the owing officers and executive commit- for 1929.

Chairman, A. V. Hart, Philadelphia; e-chairman, V. D. Moss, Philadelphia; e-chairman, C. W. Loupe, Pittsburgh; y., W. S. Herron, Philadelphia; as., J. F. Devine, Philadelphia.

Executive committee: Chairmen, C. H. tts, New York; A. V. Hart, Phila- phia; V. D. Moss, Philadelphia; C. Loupe, Pittsburgh; W. S. Herron, ladelphia; J. F. Devine, Philadelphia; B. Webster, Philadelphia; A. S. kiel, Philadelphia; J. G. Bachofer, ading.

It was regularly moved and seconded t the nominations be closed.

Upon motion of Mr. Boyle, seconded Mr. Gatter, the secretary was in- ucted to cast one ballot for the entire te as recommended by the Nominating mmittee.

The matter of the bond for the treas- r was now taken up and upon motion Mr. Kehr, seconded by Mr. Watts, the asurer was ordered bonded for 00.00 at the expense of the Associa- n.

NEW BUSINESS

Mr. Hartman extended a cordial invitation to the members to hold the next meeting in Pittsburgh, on Wednesday, February 13, 1929.

Upon motion of Mr. Hart, seconded by Mr. Young, the next meeting of the Association was ordered held in Pittsburgh, on February 13, 1929.

Mr. Young, membership chairman of the A. I. L. A. addressed the members urging all who were not members of the A. I. L. A. to join, pointing out the good to be derived from doing so. Mr. Young's remarks were received with applause.

Virgil C. Moore, chairman of the legislative committee of the A. I. L. A. took the floor and stated that they expected to put the law over in at least five states in 1929. Mr. Moore further stated that the Russell Sage Foundation were firmly behind the 3½% rate. Applause.

Mr. Woll, chairman of the finance committee of the A. I. L. A. was introduced to the members and made a few remarks.

The question box was now opened and several interesting questions were read by the secretary, and much discussion ensued from the floor.

ELECTION OF NEW MEMBERS

The secretary read the applications from the following licensees for membership:

Public Service Finance Co., Philadelphia; Richard G. Dawson, Warren; Olney Loan Society, Philadelphia; Mutual Industrial Service Inc., Philadelphia; Personal Finance Co. of Sharon; Personal Finance Co. of Washington; Personal Finance Co. of Pittsburgh; Personal Finance Co. of East Liberty.

Upon motion of Mr. Moss, seconded by Mr. Ezekiel, all the above companies were admitted to membership.

The secretary read the resignation of the Standard Loan Corp. of Philadelphia, also the Pennsylvania Cash Credit Corp. S. 52d St., Philadelphia, and upon motion of Mr. Young, seconded by Mr. Webster, the resignations were accepted with regret.

Upon motion of Mr. Moore, seconded by Mr. McDermott, a vote of thanks was tendered the retiring chairman Mr. Bachofer.

There being no further business to come before the meeting, it was regularly moved and seconded that we adjourn.

The banquet was held in the Gold Room at 7 p. m. with 731 members and guests assembled.

C. H. Watts, presided as toastmaster, and presented Rev. Norman V. P. Levis, of Philadelphia, who asked the invocation.

Prof. Luther Harr, of the Wharton School of Finance, University of Penna., was the principal speaker and addressed the members and guests on the "Changing World of Finance." Prof. Harr gave an excellent talk and a vote of thanks was given Prof. Harr.

"Senator" Edward Ford, was the humorous speaker provided and the "Senator" proceeded to entertain the members with his humor.

Three acts of vaudeville were next in order and at their conclusion the remainder of the evening was consumed in dancing to the music of the Benjamin Franklin Hotel Orchestra, under the personal direction of W. Irving Oppenheim.

W. S. HERRON, *Secretary.*

RHODE ISLAND

The regular quarterly meeting of the Rhode Island Industrial Lenders Association will be held on Thursday, January 17, 1929, at 1:00 p. m., Mezzanine floor, Narragansett Hotel, Providence, Rhode Island.

It is highly desirable that we have full attendance, several important matters are to be discussed among which are the amendments proposed by Harry G. Neal.

There will be a luncheon served and we will have as guest, F. M. Hathaway, Manager of the Providence Better Business Bureau.

D. W. McGray has perfected plans for a nice little spread which we know will be enjoyed by all.

E. LAGUEUX, *Secretary.*

NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

To Review Research of Mortgage and Finance Division and Discuss Standard Forms for Mortgage Loans at Annual Meeting

The whole field of mortgage finance is being searched by the Mortgage and Finance Division of the National Association of Real Estate Boards with a view to bringing the findings before a coming meeting of the Division, to be held in connection with the annual business meeting of the National Association

LOAN OFFICES WANTED

STATE OF ILLINOIS

INDIVIDUAL OFFICES OR A CHAIN OF OFFICES

SPOT CASH

If you prefer we will consider consolidation of your office or offices, either retaining or not retaining, to as large a degree as is possible your present personnel.

All replies held absolutely confidential.

ADDRESS:

O. J. WILTZ, PRESIDENT
5th Floor,
Central National Bank Building,
PEORIA, ILLINOIS

of Real Estate Boards, at Birmingham, Alabama, January 23, 24, and 25.

The Division is now asking the members of its recently formed executive council to report to it the subjects which are of present greatest important in the mortgage loan field in each city in which such a councillor has been appointed.

Questions raised by the executive councillors will be brought before a round table of the Division in order to develop a 1929 working program for the Division.

OHIO

To the Members of
THE OHIO INDUSTRIAL LENDERS ASSOCIATION.

You are hereby notified that the regular semi-annual meeting of this Association will be held at The Deshler-Wallick Hotel, Columbus, Ohio, on Wednesday, January 23, 1929, commencing at 10 o'clock a. m.

Mr. L. K. Osborne has been appointed General Chairman but the details of the meeting are not yet decided upon. However, the usual procedure will be followed. There will be a noonday luncheon, a banquet and dancing in the evening.

The final draft of the proposed legislation touching the Lloyd Act will be ready for consideration at this meeting and no doubt the better part of the session will be taken up by this matter.

We are expecting a large attendance and I know that Mr. L. K. Osborne, 1506 Buckeye Bldg., Columbus, Ohio, will be glad to hear from you as to whether you expect to attend.

Please do not send any dues to the ecretary at this time. The dues for 1929 will not be fixed until after the new Board is elected at the meeting on January 23d, which will also be one of the orders of business of that day.

Very truly yours,
J. FRED ANDERSON,
Secretary.

AN INITIAL DIVIDEND FOR CHRISTMAS STOCKINGS

Household Finance Corporation Declares First Disbursement of Preferred Stock

NEW YORK, Dec. 25.—Household Finance Corporation, which recently sold 140,000 shares of its participating preference stock, constituting its first public financing, has declared an initial quarterly dividend on that stock of 75 cents per share, payable January 15, 1929, to stockholders of record at the close of business December 31, 1928.

L. C. Harbison, president, states that the company's total amount of loans outstanding has increased from $10,4/9,143 on November 30, 1927, to $13,940,115, on November 30, 1928, an increase of 33 per cent. From October 1st to November 30, 1927, the company made 17,654 loans, amounting to $2,831,822, of which 4,506 loans were made to new customers. This compares with 31,303 loans made in the same period of 1928, totaling $3,503,-709, of which 10,651 loans were made to new customers. This shows a gain of 42 per cent in new customers and a gain of 80 per cent in amount of loans.

MASSACHUSETTS

At our special executive committ meeting held in the rooms of the Perso Finance Company of Cambridge, Ind., arrange for the Banquet and Ball of t Massachusetts Industrial Lenders Ass ciation, arrangements have been ma that the Massachusetts Industrial Le ers Association Banquet and Ball will held on January 26, 1929, 6:30 p. m., the Statler Hotel, Boston, Mass.

Sorry I was not able to give you t information before this time but this w due to delay in arrangements. Wo appreciate you publishing this notice the next issue of the LENDERS NEWS, follows:

Massachusetts Industrial Lenders Association quarterly meeting at 3:00 p. m., January 26, 1929, at Hotel Statler, Boston, Massachusetts Banquet and Ball at 6:30 p. m. January 26, 1929, Hotel Statler.

D. J. COTE, *Secretary*

GREETINGS

The officers and members of the A. L. A. executive committee extend th best New Year greetings to all the me bers located in thirty one of the Uni States and desire to express the hope t each individual member will have a hap and prosperous new year that each w so conduct his business that public co mendation will be the natural result.

This being the year when most st legislatures meet, much activity in sm loan legislation is anticipated. More n states will be offered legislation which

SEND US YOUR
BAD ACCOUNTS AND

SKIPS

WE COLLECT

BRANCHES

HIGH POWERED COLLECTORS
IN THE FOLLOWING CITIES

MINNEAPOLIS, MINN.
ST. PAUL, MINN.
DULUTH, MINN.
LOUISVILLE, KY.
LEXINGTON, KY.
ASHLAND, KY.
PADUCAH, KY.
SPOKANE, WASH.
SEATTLE, WASH.
EVERETT, WASH.
TACOMA, WASH.
PORTLAND, ORE.
SAN FRANCISCO, CAL.
OAKLAND, CAL.

COLLECTION DEPARTMEN
LOCAL LOAN CO
1200 N. ASHLAND AVENU
CHICAGO ILLINOI

50% OF WHAT WE COLLECT. NOTHING IF WE FAIL

onforms to the Borrowers Uniform all Loan Law fostered by the Russell e Foundation and it is enacted, it may safe to say the small loan problem will at an end in those states.

Proposals will be made to improve and ngthen the laws in a number of the es which have enjoyed small loan s for a number of years.

Blue Sky departments will probably be en more power to curb the profes- al promoters who are making ex- vagant promises to prospective in- tors solicited to buy small loan urities.

MORE POWER TO B. B. B.

n a three column by 9 in. display an- ncement in the *Indianapolis Star,* cember 9th under the caption, "Did u Borrow Money Like This," the ter Business Bureau of Indianapolis ws up an illegal and usurious transac- n as follows:

An Actual Case From Our Files

ohn Doe needed money in a hurry for emergency operation on his wife. He s purchasing a small farm on pay- nts and was already in debt. He was rking as a railway mail clerk and did have a chance to look around to see ere he could get the money at a sonable rate.

He went to a loan company and by uring the endorsement of two prop- y owners as co-surety he obtained a n of $700. This loan company rged him 8% interest per year and % brokerage fees per year and de- ted two years' interest and brokerage s in advance—in other words, 36% of $700, the face value of the loan. 2 from $700 left him $448 with which pay his bills, and in addition he was npelled to repay this money at $29.17 month, at which rate he would have aid $700 in two years.

f we figure interest charged, $252, on basis of the amount actually received, 8, the rate would be over 56%. If figured interest on the monthly pay- nts which the company received, the ual rate would be far in excess of the % for the two years.

This contract was usurious and illegal. e Better Business Bureau called this t to the attention of the company and ured a cancellation of the interest rge of $252 and an agreement that borrower would need to repay only amount he actually received, $448, h interest at 8%, which is the maxi- m allowed by the laws of Indiana for oan of this size.

f you have had a similar experience, in touch with us. There will be no rge and we may be able to help you.

DUES

During this month bills will be sent to mbers for their membership dues ich are payable February 1st. Prompt ment will be appreciated and enable. executive committee to carry on the ociation work without delay. Mem- s should remember that the rate is v one dollar per thousand of average n balances which were outstanding year 1928. It is each member's privi- e to remit for one-half or the whole r but this should be stated when bills returned for receipt.

Make money on Meilicke

for 30 days at no cost!

The Meilicke Time-and-Interest Calculator

By referring to the cards on the right for the current date, you can read directly the expired time to any date within a year. By referring to the cards on the left you can read direct interest on any amount for that time.

THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. For with a Meilicke Calculator you can tell at a glance exactly how much interest is due on any ordinary loan you would make, without the necessity of spending the time to figure it out either on a machine or with pencil and paper.

These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us. Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

The Meilicke Interest Calculator

Turn down the card showing the expiration of days, and read direct the interest on any amount at your rate. Every answer is PROVED correct. Approved by all state examiners.

* Scratch out the one you don't want.

Meilicke Systems, Inc.
3462 North Clark Street, Chicago.

Please send us a Meilicke { Interest / Time and Interest } Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retain the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

Firm .....

Address .....

.....

Attention of .....

Meilicke

Time Saving Devices

MEETING SCHEDULE

RHODE ISLAND—Providence, January 17.
VIRGINIA—Richmond, January 17.
OHIO—Columbus, January 23.
MASSACHUSETTS—Boston, January 26.
CONNECTICUT—New Haven. Banquet and annual meeting, January 26.
GEORGIA—Savannah, January 26.
ILLINOIS—Chicago, January 31.
WEST VIRGINIA—Charleston, February 8.
PENNSYLVANIA—Pittsburgh, February 13.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

NEW MEMBERS

We welcome the following new members of the A. I. L. A.:

Personal Finance Co., 210½ W. Second St., Kewanee, Ill.

Personal Finance Co., 257 Main St., Norwich, Conn.

Personal Finance Co. of Wellston, 6200 Easton Ave., St. Louis, Mo.

Perconal Finance Co., 258 E. Court St., Kankakee, Ill.

Personal Finance Co., 138 S. Locust St., Centralia, Ill.

Personal Finance Co., 400 Commercial Bldg., Belleville, Ill.

Roanoke United Small Loan Corporation, 928 Detroit Savings Bank Bldg., Detroit, Mich.

Loan Offices Wanted

Individual offices or a chain of any size

Spot Cash!

Address in absolute confidence

Box 124
CITY HALL POSTOFFICE
New York City, N. Y.

The Same Salary . . . . The Same Job

Is that what you are saying now about 1928? Or is that what you are going to say one year from today?

There are now 2,900 loan offices in the United States. By this time next year there will be 5,000!

The race is going to the swiftest!

Why waste 1929 by drifting along until your firm feels obliged to raise your salary or promote you? And why stop at a managership when there is such a big demand for executives?

Learn Loan Office Management, Records, Statistics, Collections, Law, Advertising, Records.

Save 1929! Let us tell you how through the coupon!

Incorporated as a correspondence school under the laws of the State of New York

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York City.

Gentlemen: Please send me, without obligation, information about your correspondence course on successful loan office operation.

Name .....
Street and Number .....
City and State .....

Are you using "Winter Written" Advertising?

New customers are waiting just around the corner for an invitation to come in and see you. Many will avail themselves of your service if your invitation strikes the right responsive chord. They want to better themselves, NEED your service and will appreciate it if—your advertising carries a clean cut message of dignified assistance which radiates reliability and friendliness.

"Winter-written" advertising presents this appeal in a way that is gained only through years of studying the reactions of Industrial Loan advertising. Write for sample folders and monthly service.

A. A. Winter

N. A. WINTER
Industrial Lenders Advertising Helps
DES MOINES, IOWA

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XIII, No. 8. FEBRUARY, 1929. Price, $1.00 a year; Single copies, 10 cents.

HELP FOR THE LOAN SHARK'S VICTIM

A loan shark lobby beat the Small an Bill in the 1927 Minnesota Legisure by a flank attack. Rural members re misled into the unfounded and unrranted fear that passage of the act uld boost interest rates on bank loans farmers.

The Small Loan Bill is up again at present session, this time carrying the orsement and support of an Interim mmittee which has spent two years dying the question. The Committee ls that loan shark outrages can be ter stamped out by a small loan law, n by a more drastic usury act.

Loan sharks dodge usury acts by nouflaging their usurious practices. d even if drastic penalties for usury uld be so rigidly enforced as to drive loan sharks out of the State, the ditless small borrower would be flipped of the frying pan of usury into the of despair, unless there was estabed for him some such reasonable subute as the Small Loan Bill proposes. So the Interim Committee backs the all Loan Bill. No doubt, a loan shark by will once more try to beat the bill working on the fears of rural mems. We do not believe they can be so ily fooled. They have plenty of time study the bill. They will find that it s not affect banks; that on loans de to farmers or city folk by banks other agencies, the present legal inter- limitations would remain in effect. e proposed small loan rate of three one-half per cent a month would ap- only to loans made by new and spely licensed agencies, under strict ervision of the State Banking Departnt.

Usually, the farmer has credit. In the es are thousands who have no credit, are frequently confronted with unseen needs that can be met only by rowing. Some of these repay loans; ne are never able to pay. Any agency ding "on character" at present legal erest rates would soon go bankrupt ough defaults.

Hence the loan sharks. Unable to get money elsewhere, the creditless borver turns to the shark. And the shark cts interest at from one hundred to r hundred per cent a year, on the exe of the risk involved.

The Small Loan Law proposed for nnesota is a duplicate of the uniform already on the statute books of sevl States, which have found that the e of three and one-half per cent a nth just about offsets the risk of the business, and yields a resonable profit for the lender.

The law would affect in no way the loans made by country banks to farmers. Banks are specifically barred from operating under it. But it would permit legitimate loan agencies, specially licensed and supervised, to cut the creditless city man's interest bill to a fraction of its present bulk.—*Minneapolis Journal*, 1-18-29.

LOAN SHARK CAMPAIGN

In 1926, after months of study of the problem of illegal money lending, the Bureau requested the St. Louis Chamber of Commerce to appoint a special committee, with Bureau representatives as members, to study the problem of illegal money lending. Following the recommendations of this committee, the Bureau inaugurated, in 1928, a campaign of publicity and protection to loan shark victims. This campaign has been eminently successful.

St. Louis has been known as a hot-bed of illegal money lending and offered every assistance to the Bureau efforts to rid this community of this evil.

Apparently as an act of reprisal, a $200,000 damage suit was filed against the Bureau and others. This suit is the most sincere testimony that the Bureau might receive of the efficacy of its campaign.

Instances of 400 to 500 per cent interest charged per year were received by the Bureau. Hundreds of loan shark victims found aid by consulting the Bureau.

Generous coöperation was extended by many publications which ran informative messages apprising the borrowers of their rights and affording intelligent information concerning money lending either before or after the making of the loan.

Industrial institutions pledged the Bureau that they would not discharge employes when honest effort was being made to free themselves from the toils of the loan sharks. Informative posters were displayed in many institutions. Special leaflets on the subject were prepared. House organs carried information to the employee.—*St. Louis Better Business Bulletin*, 1-14-29.

ILLEGAL LENDING MUST STOP

Bureau Continues Loan Shark Fight

Previous bulletins have related the various steps taken in the campaign of the Better Business Bureau against illegal money lending, particularly "salary buying." We have related such instances as Mr. B—, a salaried man who needed money, who, in order to meet an emergency, was forced to pay over $3000.00 interest for five years on his loan, although at no time did he have more than $300.00 advanced to him in principal. We have related how the Bureau's campaign of industrial posters and general publicity has informed the employee of his rights and has affected the usurious transactions of the "salary buyer" to such an extent that several have proceeded to abandon or reorganize their businesses.

We related in our bulletin of November 24th the details of a $200,000.00 damage suit filed against the Better Business Bureau and others by a self-confessed "salary buyer," Clark G. Hardeman, who operated the Service Purchasing Company and its successor organization, The Victor Trading Co., in the Holland building. We cannot believe that anyone charging 240 per cent interest per year on loans would have the temerity to expect a high court of justice to render judgment in his favor.

We deem it apropos at this time, because of the success of our campaign, to give credit where credit is due.

Railroads Coöperate

One of the most outstanding features of the campaign was the splendid coöperation given the Bureau by the railroads. All large railroads in St. Louis that were solicited, with the exception of the Frisco, have written a letter to the Bureau promising coöperation in not discharging their employees (chronic violators excepted) who sought refuge through the Better Business Bureau.

Most public utilities, a large number of industrial plants, the postmaster, the Chief of Police and other public officials have also been coöperating in the campaign.

Bureau Obtains Legal Assistance

Four attorneys in the city voluntered their assistance. Three of them are being used by victims of the usurious money lenders, the fourth being otherwise so busily engaged as to make service in this matter a hardship to him. The three attorneys who are now handling cases for victims, gratutiously, so far as fees are concerned, are Jacob E. Patton, 425 Title Guaranty Building; August Walz, 712 Central National Bank Building, and Frank W. Clegg, 1403A Market Street. Albert Kamman, of the Legal Aid Bureau, 302 Municipal Courts Building, is the fourth man. As explained, Mr. Kamman has been so occupied in his own endeavors that any active participation in our campaign was out of the question. The services of the

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1928-1929

President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Vice-President, A. P. Snite, 58 W. Washington St., Chicago.
Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN

Auditing, T. M. Kaufman, 312 Guaranty Bldg., Indianapolis.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. B. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, V. C. Moore, 2 Lafayette St., New York City.
Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.
Membership, W. Young, 220 S. 16th St., Philadelphia.
Vigilance, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

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Va.—S. L. Tucker, 102 S. St. Asaph St., Alexandria.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of INDUSTRIAL LENDERS NEWS, published monthly at Harrisburg, Pennsylvania, for October 1, 1928.

STATE OF PENNSYLVANIA } ss:
COUNTY OF DAUPHIN }

Before me, a Notary Public in and for the state and county aforesaid, personally appeared GEORGE W. KEHR, who, having been duly sworn according to law, deposes and says that he is the editor of the INDUSTRIAL LENDERS NEWS, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, AMERICAN INDUSTRIAL LENDERS ASSOCIATION, 10 S. Market Square, Harrisburg, Pa.

EDITOR, GEORGE W. KEHR, 10 S. Market Square, Harrisburg, Pa.

Managing Editor, none.

Business Managers, none.

2. That the owner is: AMERICAN INDUSTRIAL LENDERS ASSOCIATION, 10 S. Market Square, Harrisburg, Pa.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is. (This information is required from daily publications only.)

GEORGE W. KEHR, *Editor.*

SWORN TO AND SUBSCRIBED BEFORE ME, this 1st day of October, 1928.

(SEAL) BENJ. N. HERMAN, *Notary Public.*

My commission expires Feb. 21, 1931.

lawyers consisted, in the main, in defending the victim in the event he was sued by a high rate lender.

All cases tried in Justice of the Peace Harry Meyers' and Elmer Moone's courts have been decided in favor of the plaintiffs and against the victims. The two justices have indicated that all future cases tried in their courts on similar petitions and with similar evidence will be concluded in the same manner. All such cases, however, have been appealed to the Circuit Court, and when tried in a higher court we are confident a different result will be had. All the cases so far decided have been filed by the Service Purchasing Company or its successor, the V Trading Company, operated by Cla Hardeman, Joseph J. Tomasso and Smith, at 604-06 Holland Building.

BUREAU OPPOSES "SWITCHING"

Some of the old high rate lender endeavoring to switch their account der the Small Loan Act passed by th legislature. The Better Business B objects most vigorously to an attem enforce old usurious contracts thr transfers into any new legal form. the opinion of the Bureau there justifiable excuse for a small loa censee enforcing a contract which nated under the "salary buying" or high rate money lending plan.—*St. Better Business Bulletin* 1-7-29.

INDUSTRIAL LENDERS' GR NAMES HEADS

New officers of the Lansing Indu Lender's Association for the co year were elected recently at the nual meeting of the association he the Elk's home. M. C. Hootman, o Welfare Loan Society will head th sociation as chairman for the en year. Other officers elected are as lows: H. W. Barnard, manager o Personal Finance Company, vice-c man; George W. Amsden, of the C Mortgage and Loan Company, secre J. R. Gwinn, manager of the Comm Finance Service, Inc., treasurer. Hanes, of the Lansing Loan Compa the retiring chairman.

The annual meeting marked the of the first year of the association. ficers said Thursday that the past has proved prosperous and that the ciation is looking forward to cont prosperity.

COURT DECISIONS

Appearing in South Eastern Reporter, Dec. 22, 1928.

Fishburne et al. v. Hartsfield Lo Savings Co. (No. 18942.)

Court of Appeals of Georgia, Di No. 2, Nov. 17, 1928.

(Syllabus by the Court.)

1. Usury—49—Contract requiring ment of interest on unpaid balanc cluding interest, provides for com interest, as regards usury claim (1920, p. 215, No. 13).

A contract for the payment of n which provides that, if any installm "either principal or interest" is not promptly when due, interest is colle "on the total unpaid balance," is a tract to pay interest upon unpaid in and to this extent is a contract which the interest is compounded.

2. Usury—62—Contract for pa of money requiring payment of co collection, including attorneys' fees vides for charge other than interes cost of recording, as regards usury (Laws 1920, p. 215, No. 13).

A provision in a contract for the ment of money by which the ob agree to pay "all costs of collecting, securing, or attempting to colle secure," the indebtedness evidence the contract, "including twenty per attorneys' fees," is a charge other

erest and the costs of filing and re-ding the contract.

. Usury—49—Contract for payment money, providing for compound in-est in addition to attorney's fees, held rious (Laws 1920, p. 215, No. 13).

Under the provisions of the act ap-ved August 17, 1920 (Ga. L. 1920, 215, No. 13), which authorizes the ding of money in sums not exceeding 0 at interest at a rate not exceeding per cent per month, an agreement the contract to pay compound interest, to pay, in addition to the interest con-cted for at 3½ per cent per month, a rge other than the cost of collecting, uring, or attempting to collect or se-e the indebtedness evidenced by the tract, in addition to a sum for at-ney's fees, is expressly prohibited, and presence in the contract of an agree-nt to this effect, by the express visions of the act, renders the contract l and unenforceable, and the principal interest and all charges uncollectible.

Error from Superior Court, Fulton unty; Virlyn B. Moore, Judge.

uit by the Hartsfield Loan & Savings mpany against E. R. Fishburne and ers.

udgment for defendants was affirmed the appellate division of the municipal rt, plaintiff's certiorari was sustained the superior court, and defendants g error. Reversed.

Hartsfield Loan & Savings Company ught suit in the municipal court of anta against E. R. Fishburne et al. n a written contract for the payment money, which contained the following vision:

For value received, we promise to to the order of Hartsfield Loan & ings Company two hundred fifteen no/100 dollars in equal installments $2.15 on the Monday of each week owing date of this note, until the full unt of this note shall have been paid, interest from date hereof at the of 3½% per month until interest he total sum of $42.50 shall have paid. Said interest to be payable thly on unpaid balances. "If all of installments of principal and interest paid on or before the dates due, and ne receipt card is presented with each every payment of principal or in-st, or part thereof, no additional in-st shall be paid, but if any installment nstallments of either principal or in-st are not paid promptly on date or s due, all of the parties to this in-ment agree, jointly and severally, to additional interest on the total unpaid nce at the rate of 3½% per month the length of time such installment nstallments remain unpaid past ma-y. All of the parties to this instru-t further agree, jointly and severally, ay additional interest in the sum of cents for each and every failure to ent receipt card with a payment on unt of principal or interest. * * * vided total interest and charges shall o event exceed 3½% per month. * * * parties to this instrument agree, joint-nd severally, to pay all costs of col-ng this indebtedness, of securing or mpting to collect or secure the same suit or otherwise, including twenty cent attorney's fees, with a minimum of $5, which said fees are agreed to aid as a part of the principal obli-on of this note, and secured by se-curities or property deposited or mortgaged as collateral to secure the same."

The defendants demurred upon the ground that the contract provided for interest in the excess of 3½ per cent per month, that it provided for compound interest and for additional illegal charges, and that for each of these reasons, under the provisions of the Act approved August 17, 1920 (Ga. L. 1920, p. 215, No. 13), the contract is void and unenforceable and the debt evidenced thereby, including interest and all charges, is uncollectible. The demurrer was sustained, and this judgment was affirmed by the appellate division of the municipal court. A certiorari sued out by the plaintiff was sustained by the judge of the superior court, and the defendants excepted.

Levi O'Steeh, of Atlanta, for plaintiffs in error.

W. P. Kennedy, A. W. Clapp, and Colquitt & Conyers, all of Atlanta, for defendant in error.

STEPHENS, J. (after stating the facts as above). The act of 1920, supra, provides as follows:

"Every person, co-partnership and corporation licensed hereunder may loan any sum of money not exceeding in amount the sum of three hundred dollars ($300) and may charge, contract for, and receive thereon interest at a rate not to exceed three and one-half (3½%) per centum per month. Interest shall not be payable in advance or compounded and shall be computed on unpaid balances. In addition to the interest herein provided for, no further or other charge, or amount whatsoever for any examination, service, brokerage, commission or other thing, or otherwise, shall be directly or indirectly charged, contracted for, or received, except the lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for filing or recording in any public office any instrument securing the loan, which fees may be collected when the loan is made or at any time thereafter. If interest or charges in excess of those permitted by this act shall be charged, contracted for, or received, the contract of loan shall be null and void and the licensee shall have no right to collect or receive any principal, interest, or charges whatsoever. No person shall owe any licensee, as such, at any time more than three hundred dollars ($300) for principal."

(1) The contract expressly provides that if any installment of "either principal or interest" is not paid promptly when due, interest is collectible "on the total unpaid balance" at the rate of 3½ per cent per month "for the length of time such installment or installments remain unpaid past maturity."

As the contract here provides that, if any installment of "either principal or interest" is not paid when due, additional interest is collectible on the "total unpaid balance" for the period during which "such installment" remains unpaid, the "total unpaid balance" necessarily refers

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to the principal and interest past due and unpaid. The agreement to pay interest upon this unpaid balance is an agreement to pay interest upon interest, and is therefore an agreement compounding the interest, which, under the express provisions of the act of 1920, supra, is prohibited. The act, after prohibiting the compounding of interest, provides that:

"If interest or charges in excess of those permitted by this act shall be charged, contracted for, or received, the contract of loan shall be null and void and the licensee shall have no right to collect or receive any principal, interest, or charges whatsoever."

This provision of the contract, compounding the interest, is an agreement to pay interest in excess of that permitted by the act, and therefore, under the terms of the act, renders the entire contract void and unenforceable, and prevents the collection of the principal and interest and all charges whatsoever evidenced by the contract.

(2, 3) The provisions in the contract that the "total interest and charges shall in no event exceed 3½% per month," is a limitation only upon the amount of the charges contracted for. It merely reduces the contract to one in which the total amount collectible shall not exceed 3½ per cent per month, and does not eliminate from the contract any agreement to pay a specific charge, as, for instance, an agreement to pay compound interest, or a charge for service, brokerage, commission, etc.

Whether the provisions in the contract to pay attorney's fees is such a charge as will, under the provisions of the act of 1920, supra, render the contract void and unenforceable, the provision whereby the obligors agree to pay "all costs of collecting, * * * securing, or attempting to collect or secure" the indebtedness evidenced by the contract, "including twenty (20%) per centum attorney's fees," provides for the payment of expenses and costs other than, and in addition to, attorney's fees. A charge for collecting or securing the indebtedness which is other than a charge for attorney's fees is a charge in addition to interest and the costs of filing and recording the contract, and is a charge expressly prohibited by the act of 1920, supra, and its presence in the contract, by the express terms of the act, renders the contract void and unenforceable, and the indebtedness, including the principal and interest and all charges evidenced thereby, uncollectible.

The contract sued on being void and unenforceable, the judgment of the municipal court, sustaining the demurrer, which was affirmed by the appellate division of that court, was not error. The judgment of the appellate division being correct, the judge of the superior court erred in sustaining the certiorari. See, in this connection, Jobson v. Masters, 32 Ga. App. 60, 122 S. E. 724.

Judgment reversed.

Jenkins, P. J., and Bell, J., concur.

NOTE:

The A. I. L. A. Law Committee has interpreted this decision as not holding that the loan contract in question is void or would be void solely because of the provision for the payment of attorney's fees by the borrower. Without giving an opinion upon the general proposition of the legality of attorney's fee provisions, or upon the policy of using such provisions in notes, the Law Committee merely points out that this case is not authority for the general proposition that provisions for payment of attorney's fees by borrowers will invalidate notes taken by licensees.

Appearing in The Atlanta Reporter, Dec. 13, 1928.

Glass et ux. v. Third Nat. Building & Loan Ass'n of Baltimore City. (No. 8.)

Court of appeals of Maryland. Nov. 14, 1928.

1. Usury—34, 37—That mortgage was hazardous if fully advanced, and that purchaser had to reduce purchase price by mortgagee's discount held no defense to usury.

Claim that vendor to make sale was required to reduce purchase price by amount of discount of second mortgage by mortgagee, and claim that advancement of full amount of mortgage would have been in excess of prudent mortgage on property held no defense to charge of usury.

2. Usury—34—$675 bonus deducted from $3,400 mortgage made directly with purchaser held charge in addition to interest and was usurious.

Where realty company to make sale of property procured second mortgage for purchaser, and mortgage was made directly with purchaser who received $2,725 on $3,400 loan and mortgagee's attorney returned to mortgagee $675 as bonus charge from $3,400 check issued to purchaser, deduction of bonus was charge in addition to interest and legitimate charges connected with execution of mortgage, and was usurious.

Appeal from Circuit Court, Baltimore County; Eugene O'Dunne, Judge.

Proceedings between Solomon Glass and wife and the Third National Building & Loan Association of Baltimore City. From an order dismissing exceptions by parties first named to auditor's account distributing proceeds of sale under mortgage, such parties appeal. Order reversed, and case remanded.

Argued before BOND, C. J., and PATISON, URNER, OFFUTT, DIGGES, and SLOAN, J. J.

James Morfit Mullen, of Baltimore, for appellants.

Jacob S. New and Edward L. Putzel, both of Baltimore (Gilbert H. Panitz, of Baltimore, on the brief), for appellee.

SLOAN, J. This is an appeal from an order of the circuit court for Baltimore county dismissing the exceptions of the appellants to the auditor's account distributing the proceeds of a sale under a mortgage made by the appellants to the appellee.

The Modern Realty Corporation was the owner of a lot of ground and premises known as No. 4131 Dalrymple Avenue in Baltimore. By agreement made November 16, 1923, it sold the lot to Solomon Glass one of the appellants, at the price of $10,000, in the event that the title should be taken in fee simple, or at $8,200 if title should be taken subject to an annual ground rent of $108; the purchaser paying $100 cash at the signing of the agreement and agreeing to pay the additional sum of $400 on the date of settlement, to give a note for $500 to be payable with interest six months after the date of settlement, "and the balance between this payment of cash and interest and the purch price, the party of the first part, Modern Realty Corporation agrees finance for the party of the second p so that the party of the second part not be required to pay in any m money than herein specified on acco of the purchase of the aforementio property; and the financing will be arranged that the party of the sec part will only be required to pay appro mately $20.00 per week to take c of the payments on any mortgage mortgages which may be obtained by party of the first part on such advan The party of the first part has the opt of financing the same by creating ground rent of $108.00, and upon com tion of the above arrangements for financing of the aforesaid property hereinbefore set forth, the party of first part will transfer title to the afo said property by a good and merchanta title to the party of the second part being understood that the word 'expe in this instance shall not mean exper in connection with securing the pro financing or creation of the ground r on the aforesaid property, but it me such expenses as attorney fees, recc ing, insurance," etc.

In pursuance of this agreement, a f mortgage was given to Clifton Savi Bank for $3,700—the record does show by whom—which is not invol in this proceeding, and a second mortg was made by Solomon Glass and his w the appellants, to the Third Natio Building & Loan Association for $3,4 and it is the distribution of the f arising from the foreclosure of the la mortgage which is involved in this c and particularly the sum of $675, wh is included in the memorandum of set ment between the appellee and the pellant as an "entrance fee"; appellants contending that this sum wa usurious charge made by the appe against the appellants, and the appe contending that this was a charge p the appellee by the Modern Realty C poration for financing the mortgage l from the appellee to the appellants.

It appears that the purchaser, Solo Glass, chose to take the property sub to a ground rent of $108 per year, that he purchased the leasehold estate $8,200, and that this was the gross amo under his agreement which he was quired to pay for the property; because he was not required by the pellee to pay $675 or any other sum addition to the purchase price fixed his agreement with the Modern Re Corporation, the appellee contends the usurious charge was not paid him, but was paid to the appellee by Modern Building Corporation, and being a third party to the transact appellants, under the decision in Chip v. Farmers' & Merchants' Bank, 121 343, 88 A. 151, could not avail themse of the claim of usury against the appe

According to the evidence, the m gage was made directly by Solo Glass, the purchaser, and wife, to appellee. The appellee delivered to manuel Gorfine, appellee's attorney, check for $3,400 payable to the orde Solomon Glass and wife. Gorfine mitted to the appellee the sum of $ "which was its bonus charge for mak the loan of $3,400," and thereafter appellee collected in the regular from the appellant on the basis of a

$3,400. In addition to this, the record ows that the appellee deducted $35 for le examination, $3 for president's fee, for recording, and $.68 for revenue amps, so that the mortgagor paid all e expenses of the loan in addition to e bonus.

It is true that Solomon Glass agreed to rchase this leasehold property for ,200, and that his liabilty under that ntract was not increased except for terest and dues of the building associa- on, and if we were not at liberty to ake any further inquiry into the trans- tion than the agreement of purchase ows, there could be no other conclusion an that, because the appellants' obliga- on under the agreement of purchase has t been increased, the appellee's con- ntion would be sound. But this court, eaking through Judge Parke in the case Carozza v. Federal Finance Co., 149 d. 223, 239, 131 A. 332, 338 (43 A. R. 1), said:

"Usury is a question of intention, and the search for that intention no shift device is permitted to thwart the in- iry, and the real substance of the trans- tion will determine its nature, and not e color or form it has assumed."

See cases therein cited and Haines v. mmercial Mortgage Co., 200 Cal. 669, 4 P. 956; 255 P. 805; 53 A. L. R. 5; 53 A. L. R. 746; Carozza v. Fed- al Finance Co.; 149 Md. 223, 131 A. 2, 43 A. L. R. 1; Matthews v. Georgia ate Savings Ass'n, 132 Ark. 219, 200 W. 130, 21 A. L. R. 789; 27 R. C. L. 1.

According to the testimony of Em- anuel Gorfine, who represented the odern Realty Company and the appel- e in the transaction:

"Glass had no money, not any money all to buy this property with. * * * ne Corporation saw that it could not ance that property without paying large arges for it. He had $100 cash at the ne the contract was signed and $400 id at the time of settlement, which s about four months after this con- ct was drawn, and $500 was to be paid months or so later. They told him nkly that if he would pay cash for property he would get the property a cheaper than he was paying under s contract. He said 'I can pay the rchase price out in weekly payments her than take a lump sum reduction payment of the purchase price.' He d he was a stranger in town. He s working for Joel Gutman and he d he knew nothing about the financing property in Baltimore and he wanted corporation to do it for him.

'(The Court) The result was the rporation did it for him and he under- k to pay $8,200?

'(The witness) Yes, the price was con- erably less than that."

It appears from this bit of testimony at the purchase price named in the ntract was in excess of the amount which the property could have been rchased if Mr. Glass had had the ney to pay cash or the money required the second mortgage, and that the odern Realty Corporation would have ken at least $675 less for the property an Glass had contracted to pay. The cord shows that the second mortgage $3,400 was made directly by Glass d his wife to the appellee, and accord- to its settlement sheet the whole nsaction was carried on in the name of Glass and his wife, and not in the name of the Modern Realty Corporation, and by its own records it made a bonus charge of $675 to Glass. The appellee issued its check to Glass and his wife for $3,400 and handed it over to Mr. Gorfine, who in turn gave $67 of the amount back to the building association, so that, out of the check for $3,400, Glass received $2,725 and found himself owing $3,400.

In order to further secure itself, the appellee took a letter from Mr. Gorfine wherein he agreed, in event of a foreclosure of the mortgage, to "buy in the property for the amount of your mortgage so that your association will not lose anything by reason of such foreclosure."

(1) It may be true that it was necessary for the Modern Realty Company in this way to reduce its purchase price $675 in order to make a sale, and it may also be true that the risk taken by the building association, if it had advanced the full sum of $3,400, would have been largely in excess of a prudent loan on the property; but that is no defense to a claim of usury. This all exhibits a keen desire on the part of the realty corporation to sell its property, and some eagerness on the part of the appellee to take a chance on making a large profit out of its loan to the appellants. It may be that the loan was hazardous and that the security was not worth the principal amount of the mortgage, but the answer to this is that the appellee was not obliged to take the mortgage, and our only conclusion must be that it wagered that Solomon Glass would carry out his agreement to pay his weekly dues as they matured, and that in the course of time a bad bargain would become a good one and profitable as well.

(2) A different situation might have been presented if the Modern Realty Corporation had executed the mortgage and had discounted it with the building association, assuming that it would have all been done in the exercise of good faith and the transaction was not tainted with fraud or collusion; but the building association in the matter of this mortgage loan chose to do business directly with the appellants, and it can hardly be heard to say now that the deduction of $675 was not taken from the loan and was not a charge in addition to interest at 6 per cent as allowed by law and the legitimate charges connected with the execution of the mortgage.

According to the agreed statement filed herein, if the bonus or fee of $675 should be held to be usurious, then the deficiency chargeable to the mortgagors in the foreclosure proceedings would be $816.23 less than the amount shown by the auditor's account, and, this court being of the opinion that the charge was usurious, the order of the chancellor would be versed and the case remanded, to the end that the auditor's account may be corrected in according with this opinion.

Order reversed and case remanded, with costs to the appellant.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

Reginald H. Smith, Member of Boston Bar, Author of *Justice and the Poor*, says: "This book paves the way for a complete solution of the Loan Shark problem."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

FLOOD SUFFERERS SEEKING FURNITURE

A plea for furniture for families driven from their homes last month by the Blue river flood has been issued by the Missouri Industrial Lenders Association, which organization is assisting in the work of rehabilitation.

According to Bertha C. Duncan and Hugh F. Reilly, members of the association, who are in charge of the relief work, thirty families must have household goods before they can return to their homes. Beds, chairs, tables, dishes, bedding and warm clothing for children and parents are needed.

Mr. Reilly may be notified of contributions by calling Harrison 3609 and the articles will be called for by the Hulet Brothers Storage & Moving Company, the services of which have been donated. —*Kansas City Post.*

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Ethical Maybes. John D. Williams.
Coöperation. Lois Goldstein.
A Personal Analysis. David H. Finck.

Coöperation in Handling Transferred Accounts. Ralph L. Hay.
The Future of the Small Loan Business. George Filipetti.
The Necessity of Small Loans and the Justification of the Small Loans Acts from the Manager's Viewpoint. C. R. Dudley.
Discussion on Suggested Amendments to The Constitution and By-Laws.
Report of the Nominating Committee.
Meeting of Owners and Executives.
Banquet. (Remarks of Messrs. Whaler, Harrison, Thompson, Stratton and Hudson.)
Address by Dr. Edward J. Cattell.
Remarks by Toastmaster Thompson, President Badger, Mr. Whaler and Mr. Buckner.
The Small Loan Act. Walter S. Hilborn.
Appendix I—Code of Ethics.
Appendix II—Constitution and By-Laws of the A. I. L. A.
Appendix III—General Form of the Uniform Small Loan Law.
Reference List of Uniform Small Loan Laws and Similar Laws Enacted in Various States.
Appendix IV—Digest of the State Small Loan Laws.
A Review of "Usury and Usury Laws," by Reginald Heber Smith.

A. I. L. A. members and public welfare organizations were sent complimentary copies of the book in December. Others who may desire copies may order them at one dollar per copy from the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa.

SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

General Form, Uniform Law. 5c per copy.

Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industrial Loan Business, by Hon. A. R. Robinson. 5c per copy.

Illinois Supreme Court Decision. 5c per copy.

Pennsylvania Supreme Court Decision. 5c per copy.

Ohio Supreme Court Decision. 5c per copy.

Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by Dr. F. W. Ryan. 5c per copy.

The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Making Credit Available for All. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A. $1.00 per copy.

Some Opinions of Prominent Men, complied by Paul V. Hough. Price $2.00 per copy.

Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Business, by Senator John Dailey, Peoria, Ill.

Progress, With Reference to the Industrial Loan Business, by P. B. Reeves, Pittsburgh, Pa.

Modern Scientific Efficiency and the Business of Industrial Banking, by Chas. G. Mueller, Philadelphia, Pa.

Building Your Business on Good Will, G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Mueller, Philadelphia, Pa.

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership in State and National Industrial Lenders Associations, by E. F. Moore, Philadelphia, Pa.

Industrial Lending as a Community Asset suitable for a lecture before public welfare organizations.

How to Organize a Lenders Exchange Bureau.

Loan Shark Is Now Vanishing, by Elizabeth G. Stern.

The Uniform Small Loan Law and Its Operation in Virginia, by Oscar L. Shewmake, Esq.

What's Become of the Loan Shark? by Leon Henderson.

Report of the Interim Committee of the Minnesota House of Representatives on Small Loan Legislation.

Please remit cash money order or check for any of the above articles desired, to the American Industrial Lenders' Association, Box 778, Harrisburg, Pa.

HELPFUL LITERATURE AVAILABLE

Year Book Proceedings of the Fourteenth Annual A. I. L. A. Convention held at Grand Rapids, September 19, 20 and 21, 1928. Membership Directory. Reference List of Uniform Small Loan Laws and similar laws enacted in various States. 196 pages; price, $1.00.

The Future of the Small Loan Business, by Franklin W. Ryan, Ph.D. 24 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

The Personal Loan Companies, by Franklin W. Ryan, Ph.D. 12 pp.; price, single copies, 5 cents each; $30 per thousand in quantities.

Order from the A. I. L. A. Box 778, Harrisburg, Pa.

LOUISIANA

Part of Speech by Governor Huey P. Long to Special Session, Louisiana Legislature, December, 1928 in Re Uniform Small Loan Bill

Governor Long, in outlining to a joint session of the Lousiana Legislature his reasons for calling the Legislature into extraordinary session said, speaking extemporaneously:

"I have included in my call for this extraordinary session of the Legislature the question of legislation to eliminate the loan shark evil in our State. This Legislature, by a splendid majority passed an act at the regular session this year which we all felt would wipe out this evil. I refer to the Uniform Small Loan Act, sponsored by the Russell Sage Foundation, and already enacted into law in twenty-four states. Unfortunately the original draft of the bill as introduced in the House of Representatives was amended to except from the operation of the law certain classes of legitimate business in the State. It was found that these exempted classes of business have no legal status in Louisiana, and, when the constitutionality of the act was attacked, the District Court in New Orleans declared the law unconstitutional.

"We are presenting a bill at this session which is an exact replica of the bill as originally introduced at the regular session. We are asking you gentlemen to pass this bill without any amendment so that there will be no question as to its constitutionality. The loan sharks must be driven out of Louisiana. I have had experience with them and I know the kind of business they do. Some of them may be my personal friends, but, so far as their business is concerned, they are not desirable citizens.

"The most charitable act you gentlemen can do for the poor people of this State is to pass this bill without any amendments. Its enactment alone will justify the calling of this extraordinary session."

The bill was reënacted as suggested by Governor Long and it is believed it will now stand the test of all the courts should it again be attacked.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Baltimore, Tuesday evening, January 8th.

Upon motion of E. F. Moore, duly seconded by J. D. Goldrick, in the absence of the chairman due to illness, Mr. Rosenfield presided at this meeting.

Upon motion of Mr. Goldrick, duly seconded by Mr. Hamburger, the minutes of the previous meeting were approved as distributed.

ROLL CALL

There were 41 present at this meeting representing 16 offices.

VIGILANCE COMMITTEE

Chairman Rosenfield reported progress.

MEMBERSHIP COMMITTEE

Mr. O'Neill reported that he had the application for membership of the Stand-

rd Finance Company, American Build-g and the Citizens Finance Service, ic., 2 St. Paul Street. Upon motion of r. Moore, seconded by Mr. Long, Mr. 'Neill's report was accepted.

LAW COMMITTEE

The chairman of this committee, Mr. ryant, read the enclosed chattel mort-ge as his suggestion for a uniform attel mortgage to be used by the mem-rs of the Maryland Industrial Lenders ssociation. Upon motion of Mr. Moore, conded by Mr. Mattingly, the secre-ry was instructed to mail a copy of is mortgage to each member so that me could be acted on at the next regu-r meeting of the association. Upon otion of Mr. Moore, seconded by Mr. oldrick, Mr. Bryant was requested to epare a salary assignment so that all e members could use a uniform salary signment as well as a chattel mort-ge. Carried.

Mr. Bryant then raised the question confessed judgments. He explained at at the recent meeting of the Execu-ve Committee of the Maryland Indus-al Lenders Association it was animously voted that members of the ssociation discontinue the use of con-ssed judgments. Mr. Bryant explained is was due to a meeting which was re-ntly held in the Bank Commissioner's ice which was attended by the Attorney eneral's representative, Commissioner ige, Mr. Bryant and several others. ie attorney general ruled at that meet-g under the small loan act, the Lender as not allowed to use a confessed judg-ent note. This is the Attorney Gen-al's ruling of Section 15 of the Act. r. Bryant also, reminded the members at the Maryland Industrial Lenders ssociation had gone on record as being pposed to the use of the real estate use in their mortgages. The chairman, r. Rosenfield, then asked the members they wished to ask Mr. Bryant any estions. Messrs. Moore, Hamburger, shop, Rosenfield and several others en discussed the above questions.

Mr. Hamburger raised the questions of nether a lender was entitled to charge ½% on a real estate loan or not. Mr. yant gave as his opinion that it was sitively not allowed to charge 3½% a real estate loan. Mr. Moore again plained that it was not the intent of e small loan act to loan on real estate d that in New Jersey a licensee's li-nse would be revoked if they loaned real estate at 3½%. Also, that in nnsylvania the Bank Commissioner vised the Pennsylvania lenders not even mark R. E. on their cards. Mr. Bishop reed with Mr. Moore and Mr. Bryant at real estate loans should not be made der the uniform small loan act.

UNFINISHED BUSINESS

Mr. Moore suggested that the secre-y make the following report at our ture meetings: How many licensees the State? How many are members the State Association? How many e in good standing? The secretary omised to do this.

COMMUNICATIONS

A communication was then read from e Maryland Cash Credit Corp., advising at their up-town office had been con-solidated with their main office down-town.

The following letter from Mr. Watts was then read:

"Dear Mr. Garren:

"We would be delighted to be with the Maryland I. L. A. members on the 8th if it were at all convenient.

"We are hoping to drop in on you people one of these times just to renew our old and friendly acquaintance with those who have stood by and made small loan history in Maryland. To those gentlemen please extend our very best wishes. You know with us who they are. Sometimes, however, we are promising ourselves the pleasure of an evening's meeting with your ever increasing business family.

"Very truly yours.

"CHARLES H. WATTS, *President.*"

NEW BUSINESS

Mr. Moore suggested that the Bank Commissioner be asked to forward the names of all the new companies to the secretary. In that manner we could immediately get after them for membership in the Maryland Industrial Lenders Association. It was then suggested that a Committee composed of the Chairman of the Association, Secretary of the Association and the Chairman of the Executive Committee be appointed to contact the Bank Commissioner on any matters that may arise.

The application for membership of the Citizens Finance Service, Inc., was then put before the Association. Upon motion of Mr. Goldrick, seconded by Mr. Hood, this company was unanimously elected a member of the Maryland Industrial Lendeds Association.

The application for membership of the Standard Finance Co. was then put before the Association. Upon motion of Mr. Mattingly, seconded by Mr. Hamburger, the Standard Finance Co. was unanimously elected a member of the Maryland Industrial Lenders Association.

There being no further business to come before the members, the meeting adjourned until the next regular meeting night, which will be Tuesday evening, February 12th.

E. M. GARREN, *Secretary.*

MISSOURI

The regular meeting of the Missouri Industrial Lenders Association was called to order by the chairman, Harry Palmer, in the Music Room of the Bothwell Hotel, Sedalia, Missouri, on January 10th, 1929, at 2 p. m.

Minutes of the meeting held September 13th, 1928, at Kansas City, Missouri, were read by Hugh F. Riley, acting secretary.

Upon motion made by Colonel Lichtenstein and seconded by Mr. Clift that paragraphs 9 and 10 be struck out of the minutes, otherwise approved, as read.

Roll call by each present stating name and company.

There were forty-two present, twenty-three from member companies.

The report of the treasurer was read. It showed all bills paid to date. He stated that all members having paid only one-half of the year's dues and are delinquent should mail their checks to the secretary.

Upon motion duly made and seconded the report of the treasurer was approved.

The chairman stated that a new secretary should be nominated, Mr. Clift made a motion that Mr. Zerbst, of the Personal Finance Company, of Wellston, St. Louis, be made secretary. Motion seconded by Mr. Hallowell, no one else being nomi-

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nated, Mr. Zerbst was unanimously elected secretary and entered upon his duties.

F. C. Hallowell, of the Beneficial Operating Bureau made a motion that Colonel Lichtenstein be given vote of thanks for arranging the Missouri Industrial Lenders Meeting in Sedalia. Motion seconded by Mr. Clift. Said motion being put to vote was carried.

B. E. Henderson, of the Household Finance Company made a talk stating the position of the Household Finance Company in reference to the Small Loan Act and explained why they were favoring the 3½% law, but were making loans on a 2½% basis.

E. R. Klein, of the Beneficial Operating Bureau made a motion that Mr. Henderson be given a vote of thanks for his lengthy talk. Motion being seconded by Mr. Riley, same being put to a vote was carried.

Colonel Lichtenstein reported on his attendance at the special meeting of the Executive Board of the American Industrial Lenders, held in New York on November 26, 1928.

Joseph Cromwell, of the Beneficial Operating Bureau read an interesting paper prepared by W. T. Woodard, of the American Loan Company, Kansas City, Missouri. His subject was entitled "Locating Skips."

F. C. Hallowell of the Beneficial Operating Bureau gave a short talk on the filing and recording of Chattel Mortgages, avoiding undue publicity.

The following resolution was read and a motion made by Mr. Riley that same be adopted. The motion was seconded by Mr. Klein and Mr. Clift, after a lengthy debate in which a number of the lenders took part and also Mr. Hedwitz and Mr. Napier, same was adopted without a dissenting vote; said resolution as passed is as follows:

WHEREAS, a complaint has been made by the Better Business Bureau of Kansas City, Missouri, that a small loan licensee operating in the city had attempted to impose upon a borrower a charge of $11.50 for locating and towing a repossessed automobile and had refused to remit the charge when requested so to do by the borrower;

WHEREAS, it is the intention of this Association to impose a strict observance of the Missouri Small Loan Act upon all lenders who are subject to it; and

WHEREAS, it is the sense of this Association that whenever a reasonable doubt arises as to the rights of a borrower under the law that that doubt should be resolved in his favor; Now Therefore Be It

Resolved, That this Association condemns the aforesaid conduct of the lender and hereby directs that he be advised by the secretary of the adoption of this resolution.

C. R. Napier gave an interesting talk on the service of the Better Business Bureaus and recommended that all industrial lenders should join and support them.

E. R. Klein gave a short talk on the benefits and results obtained in joining the association and suggested that every licensee should be a member of the M. I. L. A.

Mr. Zerbst of the Personal Finance Company of Wellston, St. Louis, Missouri, read a most interesting and instructive paper on Courtesy.

E. R. Klein, of the Beneficial Operating Bureau made a motion that the minutes of the meeting as well as both papers read to be sent to Mr. Kehr, of the American Industrial Lenders Association, to be published in the INDUSTRIAL LENDERS NEWS.

As no further business was offered the meeting was adjourned until 7 o'clock dinner in the Music Room. There were forty-four present at the dinner, who enjoyed talks from Mayor Poundstone, of Sedalia and C. R. Napier, of Chicago.

After the luncheon the meeting of the Association was reconvened.

A very interesting talk was given by Mayor Poundstone, of Sedalia, on the helpfulness of the Uniform Small Loan Law.

C. R. Napier gave an interesting talk on the future possibilities of the Small Loan business, after which the meeting was thrown into a general discussion. After dinner a general discussion took place and it was unfortunate that all the licensees in the state of Missouri were not present, as many interesting subjects were discussed. Mr. Napier gave his views on many of them, as his experiences have been wide and varied.

Colonel Lichtenstein made a motion seconded by Mr. Hallowell that the meeting adjourn, same being put to a vote which carried.

H. J. ZERBST, *Secretary.*

COURTESY

BY H. J. ZERBST, *Manager, Personal Finance Co., of Wellston, Mo.*

Courtesy is a word that we all know, but how many of us put to practice its contents and meaning when coming in contact with the different types of people who enter our office?

The fundamental principals of any successful business are based on courtesy, carefulness, and capability that is shown to their patrons or customers, for it creates good will, not only to the individual persons you come in contact with, but the friends and relatives of the party you have impressed of your kind and courteous service.

There are some classes that you could not satisfy regardless of how nice and friendly you were to them. This class of people you can detect through a short conversation, and they should be rejected entirely, but do it in a very courteous way, treating them the same as you would your approved applications, so as to impress upon their minds the fact that they were treated fairly even though the loan was not granted, then they are not apt to go out and tell their friends what a terrible company it was they tried to borrow from but will have something decent to say or else nothing at all.

There are times when there are several people in your office. One may be a nice looking girl, well dressed, then there may be an old lady poorly dressed, and yet other types, too numerous to mention. When addressing the young lady you will show her the best of courtesy being sure she is receiving your best of treatment and at the same time everyone in the office overhearing your conversation. The young lady departs, with good spirits and feeling towards not only you personally, but the company she is doing business with. Now, the old lady comes into conversation with you. Is she given a "How-do-you-do, Mrs. Smith? How is Mr. Smith? Is he still sick? A ca like this happens to some customers the office at all times, or else they m have suffered some unforseen trouble worry and are downhearted when ca ing at the office, and if their troubles a called to their attention by you, givi them a few words of kindliness or e couragement, telling them that if you c be of any assistance to not hesitate call upon you. This creates a good fe ing and when they leave the office, th leave in a more optimistic mood. T kind of service should be shown to eve one regardless of whether or not they a young and handsome, old and shabby, clean or dirty, whether they are Am ican born or foreign, as we all have c feeling and that is the spot we want touch, and after you have once won th friendship and confidence through yo courtesy and kindness, no one can ta them away from you. This kind of tre ment should not be shown just on th first visit to the office but through life of their account.

Courtesy should be shown to every at all times so as to create good will the loan companies in the public eye a neither you nor your business can thr on less than courtesy at all times.

SKIPS

By W. T. WOODARD, *American Loan Kansas City, Mo.*

I have been asked to tell you a li about skips. Skips are people who m or change their address with the int tion of notifying you later or perh they move with the sole intention beating you. Often times the first m tioned skip turns out to be the w kind of a skip, as they fail to notify office and as they see that they h avoided you they make an effort to c tinue to do so. When a skip is repo all work in the office should be drop until the skip is located. It has b proven "As a trail grows cold it is m difficult to follow." Telling you how locate a skip is like telling a man hov save money. In order to save mone man must do it with his own determ tion or will power. The same may be plied to locating skips. I am not go to try to tell you how to locate a s but I will try and tell you how to a having a skip to locate.

First of all is the application; g good one. Get the first and last nam both the husband and the wife or in o words get both names in full also get nick names if they have one. Often ti a man is better known by his nick na Get two addresses both the present his prior addresses. Also how long each. Get the name and occupation relatives or roomers who may be li with your customer. This is valuable formation. Also get a good descrip of both the husband and wife.

Next is the reference sheet. Exp this to the customer thoroughly. Exp that this information is only used in of default in payment or moving furniture without the consent of Company. Tell them that you will to go to their friends and relatives explain the circumstances to them if move without your consent. This make a lasting impression on the tomer as they don't want you goin their friends and relatives with a s of how they borrowed money.

When you take the reference sheet get good one.
(1) Get full names, ages and street dress.
(2) Get amount of income each month.
(3) If they own real estate, get brief scription and location.
(4) If they own a car get make, year d license number.
(5)If any member of the family is a lge member get name of lodge, and e time and place of each meeting.
(6) Get name and address of mother d father of both husband and wife. t address in full not just Mr. & Mrs. and So, Chicago, Ill.
(7) Get name and address of brothers d sisters of both husband and wife. t full names both first and last, also ir right street address not just the 600 ock or Park Avenue.
(8) Get names and addresses of their wn sons and daughters.
(9) Get names and ages of children d the school they attend.
(10) Get name and address of about o or three relatives such as, uncles, nts or cousins.
(11) Get the names and addresses of out four friends, their full names and eet addresses, also place of employ- nt.
(12) Ask them if they thoroughly un- rstand that they are to get the per- ssion of the company before moving ir furniture. Explain to them again at if they move without your permission u will be compelled to go to their ends and relatives. If this is done perly ninety-nine out of every hundred stomers will notify you of their anged address and the hundreth one u will have the desired information to ate him.
What I have just read to you is no ubt something you already know. wever, the main point is, never to e an application or reference sheet slip shod manner. Often times in ing applications and reference sheets u go over the questions rapidly and do t get the desired information. If ap- cations and references are taken care- ly and filled out completely you will ver have any difficulty with skips.

OHIO

The regular meeting of the Bucekye lustrial Lenders' Association was held November 22, 1928, Hotel Deshler, lumbus, Ohio.
The meeting was called to order by esident Charles G. Mueller, at 10:00 lock.
Minutes of previous meeting were read secretary and approved.
President Mueller brought to the at- tion of those present the plans of the wly organized State Association, which ns met with the approval of all. He o advised that the Ohio Industrial nders' Association had called a special eting of their membership at the Hotel eil and that there were many matters importance to be discussed and voted on and therefore gave those who were embers of the Ohio Industrial Lenders' ssociation an opportunity to visit their eting and vote on these important tters, as the Executive Committee of e Ohio Industrial Lenders Association as in conference with the Russell Sage undation at New York to discuss cer- n problems confronting their Associa- tion that would be brought before State Legislature in January, 1929.
Motion was made by William Chandler to adjourn until 3:00 o'clock was carried.
The meeting convened at 3:00 o'clock.
By-laws were read by the secretary and adopted.
Upon motion by C. H. Watts, and unanimously carried, F. J. Schneider was elected treasurer of the Association.
Upon motion of R. M. Bomford, Austin Potter was unanimously elected vice-president.
The following were elected on the Executive Committee: Morris G. Stokes, of the Lincoln Loan Company, Indianapolis, and Benjamin Wunsch, Commonwealth Loan Company of Dayton, the remaining one to be selected at the January meeting.
The president reported legislative situation in Ohio and the negotiations with the Sage Foundation for the adoption of their plan for Ohio, which was as follows: that the Lloyd Act be amended as follows: a. Addition of Section 16. b. Three Hundred Dollar limitation. c. Definitive language by which lenders would be permitted to charge the legal rate of interest on amounts of loans above $300.
Motion was made by C. H. Watts, to place the Buckeye Industrial Lenders' Association in its place with similar State Associations and publish meeting date.
Motion to appoint President C. G. Mueller as representative to A. I. L. A. was carried.
Motion was made by R. M. Bomford that the December meeting date be changed to January 10th and that regular meetings be held quarterly December, March, June and September, annual meeting to be held in June.
Motion made by C. H. Watts that contribution to the treasurer was in order and the Beneficial Operating Bureau contributed $50 and Community Finance Service Corporation contributed $50 to be deposited by F. J. Schneider, treasurer, in a bank at Cleveland, Ohio.

C. G. LIGGETT, *Secretary.*

PENNSYLVANIA

The regional meeting of the P. I. L. A. will be held on Wednesday, February 13, 1929, at the William Penn Hotel, Pittsburgh.
I have received assurance from the Committee in charge of this meeting, that it will be the finest one ever held in Pittsburgh, and this fact is borne out by the list of prominent men who will address us at luncheon and at the banquet in the evening.
At the morning session to convene at 10:00 a. m., the business of the Association will be taken up, then comes luncheon, when we will be addressed by Mr. Clark Hammon, Vice-President of the Keystone National Bank, Pittsburgh, and past President of the Pennsylvania Bankers Association, who will speak on "Trends in Business Affecting Industrial Loans."
During the afternoon session, W. R. Smith, of the Ohio Finance Co., will speak on "Automobiles as Collateral for Small Loans," and A. Braun, of The Wilkinsburg Finance Co., will speak on "Courtesy in Business." These should be good.

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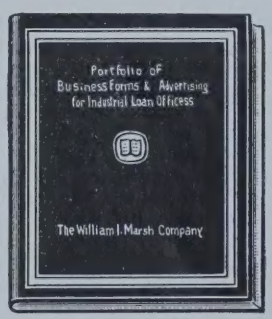

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At the banquet in the evening C. C. Stotler, secretary and treasurer of the Guarantee Title Co., Pittsburgh, will speak on "My Domestic Troubles," and M. A. Kendal, senior vice-president of the Farmers Deposit National Bank, will talk on "Why Is a Millionaire?"

I am sure no other inducement is necessary to be held out, other than to hear these speakers. There will of course be entertainment and dancing to follow the speakers.

Send in your reservations to Mr. Thale on the enclosed card at once. Luncheon $2.00, and banquet $4.00.

Let's have a good turnout at Pittsburgh.

W. S. HERRON, *Secretary.*

VIRGINIA

The annual meeting and banquet of the V. I. L. A. was held in Richmond, Virginia, on Thursday, January 17, 1929. The business meeting was called to order at 11:00 o'clock by chairman Burnett. Immediately after the convening M. E. Bristow, Chief State Banking Examiner gave a very interesting talk on the Small Loan Business. Chairman Burnett made his report in detail of the progress of the Association during the past year. This report was received, accepted and ordered filed. The secretaries' report was read and ordered filed. The treasurer's report was read, approved and ordered filed.

W. H. Cardwell, counsel for the Association made a very interesting report of the activities and progress of the Public Relations Committee with whom and through whom he is working. There were many matters of interest discussed pro and con. The Nominating Committee made their report as follows:

J. J. Price, V. D. Moss, E. F. Moore, J. S. Edge, W. T. Smithdeal, L. E. Pope, A. R. McMurtrie, S. L. Tucker, J. E. Burton are nominated as Executive Committee for 1929.

On motion duly made, seconded and carried, the secretary was instructed to cast the unanimous vote electing the above. Immediately after election the Executive Committee retired and elected the following of their group as officers of the Association for 1929:

J. J. Price, chairman, 201 Mountain Trust Bk. Bldg., Roanoke, Va.; S. Lee Tucker, secretary, 102 S. St. Asaph St., Alexandria, Va.; J. S. Edge, treasurer, 301 Central Nat'l Bk. Bldg., Richmond, Va.; J. E. Burton, vice-chairman, First National Bank Bldg., Newport News, Va.; E. F. Moore, chairman of the Executive Committee, 316 Perry Bldg., Philadelphia, Pa.

The business meeting adjourned at 4:30 p. m.

There was a very elaborate and enjoyable banquet and dance held in the Winter Garden of the Richmond Hotel beginning at 6:30 p. m. W. H. Cardwell was toastmaster for the occasion. The speakers for the evening consisted of: Hon. David E. Scatterfield, Jr., Commonwealth Atty., City of Richmond, Virginia; Hon. C. H. Morrisette, State Tax Commissioner, Richmond, Virginia; Hon. W. H. Schwartzchild, President of The Central National Bank, Richmond, Virginia.

After the speaking program was over they continued with dancing and amusements which were furnished by the hotel.

L. E. POPE, *Secretary.*

DO YOU KNOW?

Do you know that the problem of protecting the necessitous borrower from exploitation is the oldest problem in the history of economics?

Do you know that governments have been passing laws to solve this problem for thousands of years?

Do you know that the old type of usury laws became so obnoxious in France and England that they were all repealed?

Do you know that four American states, following England's Example, have no usury laws of the old type?

Do you know that 44 American states have the old type of usury law? Do you know why?

Do you know that the Uniform Small Loan Law as now in effect in various forms in 24 states, is the only type of law which has effectively got rid of the evils which have vexed legislators for thousands of years?

Do you know that the only way to get this law passed in a state is to understand why it should be passed and to get legislators also to understand?

Do you know that the Uniform Small Loan Law was framed solely for the benefit of borrowers and not for lenders?

Do you know why this must be so?

Do you know that the present situation demands that all lenders understand the economics of the small loan business?

DO YOU KNOW THAT A DANGER EXISTS THAT THE UNIFORM SMALL LOAN LAW MAY BE REPEALED IN SOME STATES BECAUSE IGNORANT AND SELFISH LENDERS HAVE VIOLATED THE SPIRIT OF THE LAW?

Do you know it is your duty to see that borrowers are protected?

DO YOU REALIZE THAT YOUR SLIGHTEST UNETHICAL ACT MAY BE USED AS AN ARGUMENT AGAINST YOUR BUSINESS BY SOME LEGISLATOR?

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AMERICAN INDUSTRIAL LENDERS ASSOCIATION

P. O. Box 778

HARRISBURG, PA.

CONNECTICUT

The annual meeting of the Connecti- Industrial Lenders Association was d at the Hotel Taft, January 19, 1929. The meeting was called to order by airman Connor, at 2:30 p. m.

The minutes of the previous meeting re read and approved.

The roll call showed forty-five mem- s present. Among the guests present re, L. J. Ingram, Allan K. Dolliver, rgil Moore, A. G. Zimmerman, H. A. rgan, Frank A. Reed. T. M. Fitz- bons, and A. C. Christiansen, from neficial Operating Bureau, Inc. Mr. P. Stephenson of the New England uity Corporation, Mr. F. H. Love- ve, of the Mutual System and Mr. G. Wood, of the Citizens Finance rvice Co., of Providence.

Chairman Connor made a short address nking the officers for their splendid peration and appealed to all members induce the individual members to join Association.

The treasurer reported a total amount the treasury of $1,641.55.

Mr. A. G. Zimmerman, chairman of the ilance committee reported that Mr. on Henderson, of the Russell Sage undation would address the Bridgeport amber of Commerce regarding an icle in a Bridgeport newspaper, which k exception to the Industrial Loan w and operators. Mr. Zimmerman o stated that there had been several mplaints from various sources regard- unethical operating and that he be- ved that Mr. Shippe, State Bank mmissioner, would issue instructions garding ethical operating.

The Legislative Committee reported t a set of rules and regulations would laid down by Mr. Shippee and that adhering strictly to these regulations, further complaints would be made.

Under new business, Mr. Zimmerman de a motion that at all future State etings, the luncheon should be paid for the individual or his office and not by Association as heretofore. All in- ed guests, would have their expenses d by the Association. This motion s seconded and carried.

The following officers were elected for ensuing year:

Chairman, W. C. Kendrick, Mutual stem, 14 Center St., New Haven, nn.; vice-chairman, Ben Cohen, Pub- Loan Company, Hartford, Conn.; asurer, Mr. Van Wart, Ideal Finance ., 341 State St., New Haven, Conn.; retary, Henry Holm, Beneficial Loan ., 152 Temple St. New Haven, Conn.

Executive Committee

H. P. Stephenson, New England uity, New Haven, Conn.; A. G. Zim- rman, Beneficial Loan So., Newark, J.; F. H. Lovegrove, Mutual System, idgeport, Conn.; A. Kanter, United an, Bridgeport, Conn.; H. G. Mc- llin, Equitable Ind. Loan, Hartford, nn.; M. J. Connor, People's Loan, aterbury, Conn.

Legislative Committee

H. P. Stephenson, A. G. Zimmerman, Newman, F. H. Lovegrove, A. Ber- n, H. G. McMullin, and M. J. Con- .

Vigilance Committee

T. C. O'Brien, F. H. Lovegrove, and P. Stephenson.

Membership Committee

David Caesar, Consolidated Plan, Bridgeport, Conn.

The newly elected chairman was installed and after a few remarks, he asked Mr. Connor to continue with the meeting as he was indisposed and wished to be excused.

Chairman Connor suggested that a debate on Loan Group Exchange be held at one of the future meetings however, as it was late in the afternoon, the suggestion was tabled.

After the regular business was disposed of, chairman Connor called on Mr. W. G. Wood, ex-chairman of the National Lenders Association, for remarks. Mr. Wood read a very interesting article that was constructive to all present. (This article will be found in another section of this issue.)

The meeting adjourned at 5:10 p. m.

At 7 p. m. the annual banquet was held in the Ball Room of the Hotel Taft, with Mr. Wood presiding as toastmaster. Rev. Orville C. Petty offered the invocation. Honorable Carleton E. Hoadley, Referee in Bankruptcy, was the guest speaker of the evening; his talk was humorous and instructive, and he was considered the best speaker that ever attended the Association meeting.

During the courses, the Metropolitan four rendered several selections. Between the dances, the guests enjoyed several very fine acts.

Plenty of snappy music was in order up to 1 a. m. and any number of favorable comments were heard as the guests departed.

Henry Holm, *Secretary.*

P. S.—Six applications were approved for membership bringing the total membership up to fifty-five.

Banquet

Although there was a lack of identification on the notes to indicate the author of what follows, the Editor is of the opinion that W. G. Wood, former National Chairman is responsible for the rest of this article.

On behalf of the officers of your association and the members of the entertainment committee, I desire to extend to each of you the cordial spirit of goodfellowship and to express the hope that you will all have an enjoyable evening.

It is appropriate, of course, to wish you that, because we have all come here in a spirit of frivolity and fun with the intention of discarding business and forgetting business problems and worries, but it seems to me that this whole occasion, both this afternoon and this evening, is an especially appropriate moment for all of you to seize the splendid opportunity to develop a closer bond of business relations by the simple process of encouraging a greater respect for each other.

Mutual understanding is the basis for business amity, so if you can establish a mutual respect for each other, business amity will follow and this is the time above all other times to establish contacts, explain differences, settle disputes, remove grievances and clear up misunderstandings because everybody tonight is in a sort of play-ground. Consequently everyone is in a mellow mood, impressionable, susceptible, free from worry, inclined to good impulses and therefore in grand good shape to forgive and forget any real or imaginary grievance or offense.

A good way to establish mutual respect, an essential for business amity, is to make a man value your good opinion of him because if you do, he will make an effort to keep it. So I give you as a toast in all sincerity, "Our competitors" *God bless them.*

Meeting

A short time ago, I was reading that when this world first began and while it was still an unorganized, undisciplined, topsy-turvy animal uncertainty, every living thing on it was compelled to forage for its own existence and to find a way to supply its own needs, but, when man emerged from somewhere not yet agreed upon, his higher intellect enabled him to improve upon and refine the methods he inherited and to begin the progress which has brought us from a condition of chaos to the comparative perfection of our 1929 civilization.

Therefore, considering the vast difference between what man inherited and what he now enjoys, one can readily see that today is no comparison to yesterday and tomorrow cannot be measured by any known standards of today. While you cannot compare today with yesterday nor measure tomorrow by today, the fundamental necessities are no different than they were in the beginning, because the needs of humanity still exist and the essentials are unchanged.

The article then went on to say, methods and manners have improved that taste has been refined and conscience has been awakened; that we no longer eat each other nor do we kill each other promiscuously, and then follows a prediction, that the day is fast approaching when we shall no longer fear each other, because the habit of exploiting will have become just as obsolete as the habit of eating each other.

Now let us apply that to our business and ourselves.

I can well remember when the loan business was an unorganized, undisciplined, ungovernable, unmanageable muddle with neither head nor tail and no central authority. Every man followed his own bent and no mind centered on any objective but that of its own selfish interest. However, I can easily see that man again asserted himself by using his higher intellect to improve the methods and manners he inherited. I can appreciate the certain fact that his taste has been refined and that his conscience has been awakened *But!* and there is a big *But.*

What of the loan man?

Is he, himself, responsible for his progress or has he simply been legislated and regulated into improvement. Then, the thought goes onto the future with the question, that, if he is not himself responsible for his progress, what hope is there to expect that we shall ever, as individuals, attain the objectives of our Association.

Now, I think that fairly brings me into my subject, consequently it is a good place to pause and ask, "What are the objectives of our Association?"

Boil down and shorn of all embellishment these objectives can be stated as follows:

First, Internal:

To establish standards and ideals gov-

erning the conduct of our business that will raise it to a plane of respectability, acceptable to and recognized by all mankind, as a necessary and equitable service to the public.

Second, External:

To create sentiment favoring constructive legislation for our business, whenever and wherever existing laws do not curb abuses or are insufficient and inadequate to establish proper standards and ideals.

These objectives being both internal and external, affect the within and without of our business and the within and without of every man engaged in our business, because an adherence, internally, to association principles; and an administration, externally, of association remedies, will solve, ultimately, every problem confronting us and will make the loan man's world a better place to live in. Why?

Because the practice of accepted standards and ideals, will, in time, place our business above reproach everywhere, by putting it on a par with any other legitimate business and the application—whenever and wherever needed—of the remedies advocated by the association will remove any existing abuses and also the possibility of any return to old conditions anywhere.

With every mind and endeavor concentrated on this one goal, that of getting above reproach, nothing else would matter, for all else would be mere detail to be delegated to some one capable of handling it. *But!* Standards and ideals are ineffective, unless put into practice by the individual, *everywhere,* and will be hard to establish if loan men hang on to their greed, jealousy, and suspicion, and utterly impossible to establish generally and permanently except through a properly constructed, thoroughly recognized and loyally supported National Association. No State Association can accomplish these results beyond its own boundaries and until they are established nationally every individual is susceptible to the influence of any sentiment, good or bad, arising anywhere at any time.

The mental vision of a loan man is very small indeed, if he feels himself immune from the influence of adverse sentiment, because of his distance from the center of agitation. To feel so, because the agitation does not develop within, or does not then threaten his own home circle, is to harbor a false sense of security.

So much for the objectives of the National or the State Association and what their accomplishment means to the individuals. Any sane man will admit, if he has any knowledge at all of fundamentals, that the success of our Association with the foregoing program will give him, individually, a greater measure of success, a better standing in his community and a fuller protection of his future.

Now let us consider the apparent futility of repeating these statements or asking the individuals in our Association for the effort to accomplish these purposes.

Since the formation of the loan men into an organization, the declared purpose of which was to dignify and uplift the business of making small loans, there has been enough true, constructive, practical, hard-headed and common sense suggestions made for accomplishing that purpose by men outside and inside of the organization, that if they had been digested and heeded, so that the thoughts were actually transferred to the hearers, every man in our organization would have gone forth with a totally new ambition. Each one would have had a greater and keener urge and an everlasting determination to promote that sentiment which is still against us, but which should have been with us before this.

The ground has been covered thoroughly and completely many many times, and has been handled from so many different angles that I doubt very much whether any man can come forward and tell us anything new about how to dignify and uplift our business, but we listen with our ears and not with our minds, and we read with our eyes, and not with our brains, consequently we are satisfied, just to admit the truth of what is told us and let it go at that. Reams have been written, much has been preached, until the very last word has been said and where are we? Has it stuck? In some places, yes. But what's the matter with the places where all that has been said and done has not stuck?

And why is it that every single unit of our Association is not influenced and affected, in exactly the same manner and with the same result.

Your answer, will be that it is because of a difference in character, temperament, disposition and viewpoint, but I don't agree becuase all of us could be as different as day and night and we could still, all of us, be influenced and affected, by the same thing, in exactly the same manner, if we had a common incentive. It is the lack of desire for the same thing and the need of ambition and urge that keeps some men from acquiring the vision, necessary to give us a common incentive and the result is that we have a conflict of opinion and a conflict of viewpoint about almost everything.

A conflict of opinion and viewpoint is all right and a mighty fine thing in discussion and debate, but if the result is not a decision in which all minds have harmoniously met, then the decision is premature and any agreement resulting from it, is a flimsy thing and will require power to enforce its terms. So lacking any power, what we must do is to determine whether our units have the incentive and the ambition and the urge to make the effort with us, before we do anything else or before we can think of gaining our objectives.

It is only possible to get public sentiment with us when there is a proper foundation in the individual; i. e., the attitude that it can be done.

There is no question but that it can be done.

The point is, how soon, and the answer is, when we individuals merit it.

I am not willing to wait for the slow process of evolution to accomplish it, nor to rely upon our ability to educate all of our units, because with the kind of competition which is bound to come, since legislation, with its compulsory supervision and regulation, has made our business legal, there will not be time to wait for either evolution or education. We should be ready right now to go forward with men, methods and practice which are unimpeachable as to character, operation and application or we had better get ready with those fundamentals before we begin to flirt with the advanced and more high sounding titles of sta ards and ideals and ethics, which to n people are names and nothing more.

And I want to say to you, Gentlen that if we are not now ready and do get ready with the proper material men, methods and practices, then it be an entirely different set of men will enjoy the final rewards of struggle for better conditions.

All the propaganda we can put from now until doomsday; all the li ature we can print; all that the frie we have made can say in our favor all the laws and regulations that will be enacted will never, never get us good will and sentiment of the pu Proper men, proper methods and pr practices will as nothing else ever

I have no fault to find with propag and literature when the idea is conf strictly to spreading information conc ing the merit of the movement to be conditions, for the enlightenment of t people who have no contact with ei the movement or the business itself have no source of information conc ing it, or even for the benefit of t who insist upon living in a past age do not keep up with the trend of thi but I have very little patience with idea that we can ever get the social re nition we are after, by educating public. The public has had so muc the wrong kind of education for so that it is too skeptical for anything proof, and the only kind of proof it will accept is conduct which it can and feel, and will then determine itself. So instead of educating the lic, we must turn the searchlight inwa and find out if our policies and chara our methods and practices square up what the public thinks they ought t and consequently expects of us. should not be a difficult task for I ass that we are all actuated by hono motives and impulses and have the ticability which enables us to realize profits come from satisfied and bene customers. We should have no diffi in sensing the fact that favorable s ment will accrue for exactly the reason; that is, satisfaction with benefits given by our service.

It is not a question of putting se above profits, but of giving service profits and of improving it for addit profits, and having the right materi work with. So let us determine night—right now, to put our hous order so that we fellows who have the fight together, can remain tog to enjoy the full and complete rec tion which will be accorded us whe job is finally completed.

We all know and admit that were plenty of reasons for finding with us and our business. Some of still exist, but not half of what was and thought about us was true an greatest error that was ever made the claim by economists and profess detractors that the business itself fundamentally wrong and perni That was a vicious statement and any argument or attempt, so far know, to justify it.

Our business is not fundame wrong, let alone fundamentally perni and never was. As a matter of very few businesses are fundame wrong. It is the introduction of w motives and wrong impulses which them appear so, but that is chargeal

nagement and operation and not fun-
ientals.

Ve cannot be fundamentally wrong be-
se the goods we trade in are full
ie. One hundred cents to every unit.
you and I can allow our transactions
these units to appear wrong if we
lect to keep our minds focused on our
ectives, because there are in those
s either one hundred cents of satisfac-
and benefit for the borrower if we
it so, or one hundred cents of dis-
t and ill-will for ourselves and our
hods if we don't.

o with that foundation to start with,
our business is fundamentally right
is justified, as every other business
earth is justified, by the demand for
service, it is a simple matter to pro-
e for keeping it right and equally easy
icquire the necessary ideals and adopt
proper methods for conducting it, in
n a manner, that it will be above re-
ach and beyond attack. The whole
stion of ideals and proper or improper
hods is involved in motives and im-
ses and depends entirely upon the
ital attitude of the individual toward
self and his business and begins with
ners; and why does it begin with
ers? Because no business on earth
erves to survive unless it is funda-
ntally right, and no business which is
damentally right deserves to prosper
ess the owners, who enjoy its profits,
enough interested in it to lay down
s of conduct which will keep it right
after that, make it their business to
w that these rules, are not only
t generally, but are never violated.

Human nature is too frail and too
ak to be expected to observe all the
o's" and "Dont's" simply because you
nish a list of them and ordinary men
l not observe them away, when it re-
res any effort, unless they have first
epted and adopted them, as principles
their own.

To establish proper standards and
als in our business and to make loan
n better citizens, and better business
n, the owner must do three things.

st. Adopt policies and rules of con-
t, that if any when adhered to, will
p managers and men self-respecting
high-minded.

nd. Hire only men temperamentally
ed to carrying out these policies and
ng up to these rules of conduct and,

rd. See that they do it in all cases.

And I want to say to you owners that
il you do this in its entirety, you will
get better men nor will there be any
neral improvement in the present in-
idual, and in addition to that I want to
further to you owners that;

You can lay down all the policies and
thods you can think of, perfect them
you please, establish rules and regula-
ns, restrictions and limitations, but un-
s the men you employ, feel as you do
ut them, your policies and methods
l be forgotten and your rules and
ulations ignored, unles you are always
sent to direct all forces. That proves
necessity for the second essential, that
ess you are present at all times, you
st have men temperamentally suited to
s business and its needs and require-
nts for if they are not, it will not do
y good to make any effort to educate
em because you cannot change a man's
aracter and disposition and mental at-
titude toward his job by dangling a lot of "Do's" and "Don'ts" before him.

If any of you ever want to get a quick estimate of any man and his business ethics, just see and talk with his men, find out what methods are pursued in conducting that business and the application of these methods in given cases and if you get the truth and all of the truth you need not care for any other man's opinion, because you have all the information necessary to correctly estimate the character of that particular man and his mental attitude toward his business.

Now I think I can leave you owners with this thought and I hope it sticks.

Your progress up the social ladder to full recognition will be advanced or retarded, and it will be swift or slow, according to your own mental attitude toward your business, which is your life, or you don't belong in it, and to the judgment and wisdom you use in selecting employees whose characters and temperaments fit them for the work you wish done. We do not need many rules and regulations if the proper foundation is in the man.

Now for the real people who conduct the loan business, the managers and potential managers.

Each one of us owes a duty to the other so long as we are engaged in the pursuit of a common object and I can conceive of no greater service that I can render you as employees, than to prepare your path, or rather urge its preparation so that you can make a successful, profitable and pleasant journey to your eventual destination, and this I have attempted, by pointing out to your owners the absurdity of expecting you ever to reach that destination unless the path is straight and open, your heart and mind enthusiastically in the journey and your general fitness to undertake it, beyond all question of doubt. There is no censure for you in what I have said, and no detraction. I maintain that to allow you to start under any other condition or unless you can finish, is an injustice to you and a waste of time, money and energy for everybody.

Here is another statement I wish to make without any reservation.

The owner or manager, if he is a forward looking individual, who keeps a man in his employ, who is not temperamentally suited to the work, is wasting money and retarding his own progress, as well as the progress of every other forward looking man in our business. The manager or man who does not enjoy the work, or who remains in this business unless he intends to make it his life work, is a fool to fritter away, the too little time in which he has to make good on his eventual job. While he is wasting it here, he could be getting service behind him somewhere else. This applies to every man from owners down, that if this is not to be his life work then he is not thinking or caring about what he is doing, nor doing what he is thinking about, and that kind of a man is hopeless material to work on. So it does not seem to me, Gentlemen, that there is any prospect of making better loan men, until you first make certain that all elements are harmoniously related and adapted, which requires that the man be given a correct policy to work by in the first place, and that he has the character and the temperament to pursue and adhere to that policy, and the capacity and ability to determine a correct application of it. When he is that kind of man, he is adapted for his business and needs very little education or watching. All he needs is incentive and the chance of a future, and if you supply the vision, which will create the incentive, his ideals will come automatically, because his motives and impulses and consequently his methods of conducting his business will be governed by a conscience which needs no mind but its own, to distinguish between what is right and what is wrong, what is just and fair and what is unjust and unfair.

Now, I want to close with these statements, that;

Unless we go forward in harmony with the new idea of service, equitable and considerate service, which is pervading the whole world to-day, we will fail because, the real test of our necessity and the final proof of our worth, will be found in the kind of service which we as individuals render the public and it is unquestionably true that;

If we cannot get the correct mental attitude, we are hopeless.

If we lack the urge to make the effort, we do not belong in this movement and are misfits.

And if we have the urge and do not accomplish our purpose we are incompetents.

Because it is not impossible of accomplishment.

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OHIO

What was declared to be the best attended and most enthusiastic and interesting gathering the Ohio Industrial Lenders Association has ever held was the mid-winter meeting, which took place at the Deshler-Wallick Hotel in Columbus, Wednesday, January 23rd. More than 200 persons attended the luncheon and also the banquet and dance in the evening, and a large number took part in the business sessions which were held in the morning and afternoon.

Col. D. H. Pond of Cleveland who has been president of the association for several years, presided in his usual efficient manner. Col. Pond gave a very pleasing running report of the activities of the association since the mid-summer meeting last July at Cedar Point. He touched on the various subjects of interest to the members of the association, these including the development of industrial lending, the benefits to be derived from the association, and matters now pending before the General Assembly.

J. Fred Anderson, of Springfield, secretary and counsel of the association, presented his anual report, which was one of much importance. He told of the progress of the association, the various matters which have occupied the attention of the officers during the last six months, questions that are now pending and other subjects of vital concern to the industrial lending business. He reported a very gratifying increase in membership.

The report of J. P. Michael, of Columbus, the treasurer, showed the association to be in excellent financial condition. The auditing committee found the treasurer's books to be perfectly balanced and congratulated him on the manner in which the association's finances are being looked after.

In addition to the reports of the officers, a number of committee reports were received. W. W. Hamilton, of Columbus, chairman of the legislative committee, told of his activities during the past six months. In that time, Mr. Hamilton has visited many of the local associations throughout the state and has had delightful conferences with the members. He went into legislative matters at considerable length in his report, telling of the proposed legislation now before the general assembly. His address was very entertaining and enlightening.

Judge J. H. Dyer of Columbus, who was for a number of years president of the association, gave one of his charming talks. Judge Dyer is always in demand as a speaker wherever industrial lenders gather together. In his talk, the Judge touched upon a large number of subjects, these dealing with office management, the high position that industrial lending has attained in the financial world, and legislative matters.

"We should insist," said Judge Dyer, "that our customers pay on the principal as well as the interest. There is a proneness on the part of many persons to borrow and then pay only the interest. Later they declare they borrowed so much, paid back so much and still owe the original amount. Such remarks are not always understood by outsiders and as a result there is criticism of the lender."

Major Blue of the Erie Finance Company, Toledo, was another entertaining speaker. Major Blue has been engag heretofore in the automobile disco business, and only recently embarked the industrial lending line of activity has been a member of the association but a short time. He said that he highly pleased with the high charac of the men he found composing the as ciation and complimented them on th business ability, their desire to serve public and their good fellowship.

Major Blue said that he had fo that his gross income would not be preciated more than 4 per cent under proposed legislation to which the ass ation has given its support.

A delightful and instructing talk given by Mr. Sparks, manager of Morris Plan Bank in Cincinnati president of the Industrial Lenders As ciation of the city. "We have shown Cincinnati," said Mr. Sparks, "that dustrial lenders and Morris Plan Ba operators have much in common, that instead of opposing each other, t can work together harmoniously and of much help to each other. We h found in Cincinnati that the work the industrial lender dovetails with activities of the Morris Plan Banks, w a result that each is greatly benefite "This association of industrial lend and Morris Plan Bank operators in business and social organization," he serted, "is working to the advantage both classes of people and the public well and it is a plan which may be lowed with much success all over state." He urged other cities to try i

Informal talks were given by the ot members of the association and let were read from G. J. Badger, Jer

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LOCAL LOAN CO
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CHICAGO ILLINO

50% OF WHAT WE COLLECT. NOTHING IF WE FAIL

N. J., president of the A. I. L. A.; V. Kehr, Harrisburg, Pa., secretary; P. Woll, Chicago; A. P. Snite, Chi-; William Young, Philadelphia; L. Harbison, Chicago, and others, ex-ing regret because of their inability tend the meeting and wishing the Lenders much success and happi-

e terms of the seven members of the itive board having expired, the of- of the association fostered a move- by which 14 candidates were to be nated for the seven positions. They red that the offices should be open members of the association and that roup should in any way seek to con- the organization.

l. Pond who always insists that one should be permitted to express iews on every subject, and who al- urges all the members to take an e part in all the proceedings, named minating committee of outstanding bers of the association. This com- e presented the names of the present bers of the executive board and others. Several of those nominated l that the old officers be reëlected, g that while it would be a gracious to pass the honors around, this a time when officers of experience needed. The result of the election ed the reëlection of the following bers of the board; Col. D. H. Pond, land; L. K. Osborne, Columbus; red Anderson, Springfield; J. P. ael, Columbus; T. R. Schoonover, ; C. C. Woodley, Toledo; and J. H. Dyer, of Columbus. Their tion was interpreted as a high e to the unselfish service which the rs have rendered.

e banquet in the evening was fol- by an entertainment by Emery ll, the one-man band. The custo- plan of having a long speech or al talks by persons of note was done with this time much to the satisfac- of the guests. Following the et and entertainment, dancing was ed in.

rangements for the meeting were in e of Vice-president L. K. Osborne, lumbus, and he was highly compli- d by members of the association at ime and in letters since, for the ent manner in which the meeting carried out, and also the entertain-

The innovation of having enter- ent instead of speeches at the et was enthusiastically praised. At eeting of the association, it was ed, has there been finer fellowship, per interest in the business affairs organization or greater delight in ntertainment afforded. It was a ng, that from many angles was the successful and delightful the as- ion has ever held.

executive board will meet later to ize.

MASSACHUSETTS

quarterly meeting of the Massa- tts Industrial Lenders Association eld Saturday, January 26, 1929, at Statler, Boston, Massachusetts, at sixty members were present.

chairman Mr. Wholey, called the ng to order at 3:15 p. m. Motion egularly made, seconded and carried, the roll call be dispensed with at neeting.

ion was made and seconded that the

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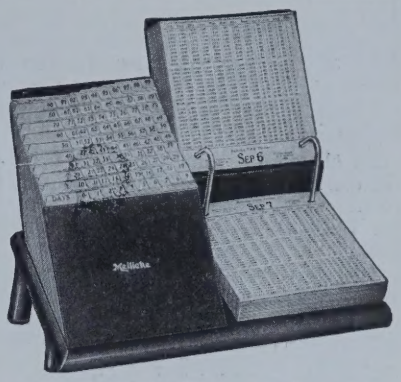

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THE object of this advertisement is to show you how you can make money with a Meilicke Time-and-Interest, or Interest Calculator.

Neither of these devices are luxuries. They are necessities! Hundreds of loan offices depend solely upon them to calculate interest on every loan. For with a Meilicke Calculator you can tell at a glance exactly how much interest is due on any ordinary loan you would make, without the necessity of spending the time to figure it out either on a machine or with pencil and paper.

These Calculators are never sold—for we don't have to sell them. Instead, they are *bought* by such loan offices who answer an advertisement like this and see for themselves how valuable they are.

We haven't space enough to tell you all there is to know about them here. But we will gladly send one *absolutely free* for a month, so you can make money with it for that length of time *on us. Then*—if you want to keep it—it's up to you.

Fill in the coupon and tell us which one you want.

The Meilicke Interest Calculator

Turn down the card showing the expiration of days, and read direct the interest on any amount at your rate. Every answer is PROVED correct. Approved by all state examiners.

* Scratch out the one you don't want.

Meilicke Systems, Inc.
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Please send us a Meilicke {Interest / Time and Interest} Calculator* for thirty days, like you mention in INDUSTRIAL LENDERS NEWS. We will retain the option of returning it at your expense at the end of that time, or keeping it and accepting your invoice.

Firm .....

Address .....

.....

Attention of .....

Meilicke

Time Saving Devices

reading of the minutes of the previous meeting be dispensed with at this meeting. It was so voted and carried on the minutes.

Legislative and Grievance Committees reports accepted and carried.

Membership Committee—Mr. Wholey, chairman, reports ten new applications received for membership since last meeting and considered eligible for membership.

Special Committee On By-Laws—Mr. Wholey, chairman. Chairman of this committee reports that due to limited time at this meeting it would be advisable to leave the adoption and discussion of By-Laws as unfinished until the next meeting in April. Motion made and seconded that this matter be carried to the next meeting. It was so voted and carried.

The following named applications were submitted for approval as membership:

Personal Finance Company of Haverhill, Inc., Haverhill; Nestor-Hall Company of Boston, Boston; Industrial Bankers of Massachusetts, Inc., of Holyoke; Industrial Bankers of Lowell, Inc., Lowell; Industrial Bankers of Leominister, Inc., Leominister; Industrial Bankers of Greenfield, Inc., Greenfield; Industrial Bankers of North Adams, Inc., N. Adams; Industrial Bankers of Lawrence, Inc., Lawrence; Industrial Bankers of Newburyport, Inc., Newburyport; Industrial Bankers of Quincy, Inc., Quincy.

Motion regularly made and seconded that the above named companies be admitted as members of the association, as of this date—January 26, 1929. It was voted and carried and recorded on the association records.

General discussion took place regarding various articles of the Small Loan Business appearing in different newspapers from time to time, and that something should be done by the association, such as educational literature, to bring out in its true light relating to the Uniform Small Loan Law Methods.

It was voted that our next meeting will be held on Wednesday, April 17, 1929, at the Parker House, Boston, Massachusetts.

There being no further business to come before this meeting, it was voted and carried to adjourn at 4:45 p. m., in preparation of the evening banquet and ball at 6:30 p.m.

BANQUET

Massachusetts Industrial Association Seventh Annual Banquet and Ball

Held Saturday, January 26, 1929

HOTEL STATLER—BOSTON, MASSACHUSETTS

BANQUET

6:30 O'Clock P. M.

INVOCATION

Rev. Peter A. Dunn, D.D.
Pastor, Central Congregational Church
Boston, Mass.

ADDRESS OF WELCOME

D. J. Wholey, President
Massachusetts I. L. A.

TOASTMASTER

S. E. Blandford, Vice-President
Massachusetts I. L. A.

INVITED GUESTS

Hon. and Mrs. William S. Youngman.
Mr. and Mrs. Earl E. Davidson and Staff.
Mr. and Mrs. G. J. Badger and Staff.
Mr. and Mrs. Charles H. Watts and Staff.

ADDRESS

Earl E. Davidson
Massachusetts Supervisor of Loan Agencies.

SPEAKER

Hon. William S. Youngman
Lieutenant Governor
Commonwealth of Massachusetts

ENTERTAINMENT

Hum-Strum Boys

MUSIC

Gil-Curtis' Orchestra

The banquet and ball was held in the Georgian Room of the Hotel Statler, with 300 in attendance. The set up and decoration of the tables were almost perfect. A greater number attended than the committee had anticipated and extra tables were necessary to accommodate the crowd, as they came from far and near to enjoy the evening and take part in this occasion. Out-of-town guests from Rhode Island, Connecticut, New York and New Jersey came in large numbers and all professed having had a very enjoyable evening.

The dinner was appetizing and very well arranged, as usual, in the Statler style. Favors were distributed to all the ladies and gentlemen, also paper hats and bonnets decorated the heads of the bright and intelligent looking crowd, after the invocation. Music was enjoyed during the several courses of the dinner, rendered by Gil-Curtis Orchestra of Boston. The entertainment given by the Hum-Strum Boys, the very popular radio entertainers, was very much enjoyed and appreciated, as shown by the applause given and deserving, for the way they put over their new and popular numbers of harmony singing, during the evening.

D. J. Wholey, president of the Massachusetts I. L. A., gave the Welcome Address thanking members, guests and friends and congratulating the banquet committee for the splendidly arranged program and the coöperation of all present for making this Seventh Annual Banquet and Ball such a success. Great Applause—after which the program was turned over to the toastmaster.

Our very well fitted toastmaster, S. E. Blandford, vice-chairman of the Association, brought the attention of the audience to the head table where the guests and speakers of the evening were presented in turn. It may be said at this time that the Massachusetts Industrial Lenders Association, on this occasion, had the honor and distinction to present Honorable William Sterling Youngman, Lieutenant-Governor of the Commonwealth of Massachusetts, as our guest and speaker. In the course of a few minutes, by interruption of a message, the Lieutenant Governor informed his audience that he was Governor at this moment due to the absence of Governor Allen out of the State, and due to that fact, and other important State affairs, it made it necessary to curtail some of his program with us. Nevertheless the presence of Honorable Mr. Youngman was highly welcome and appreciated received the thanks of the audience w was very generously shown by the plause he received.

The next to be presented was S Supervisor of Loan Agencies, Mr. E. Davidson, who is always a welc person at our quarterly meetings annual banquet. Mr. Davidson mentic the fact that he has noticed, in the few years, the growth of our An Banquets and a larger attendance year and that he was pleased to see progress and increase of the associa from year to year. He also brought very forcibly the necessity of coöp tion by the Licensed Money Lenders his department, and the good will of general public should be solicited educational literature from the asso tion, stating the facts of the Small L Law in the State of Massachusetts. very generous applause was given Davidson as an appreciation for his sp did message and guests of the associa on this occasion.

Reginald H. Smith, who is the M sachusetts I. L. A. counsel, was presented. Mr. Smith, who is alwa very conscientious worker for the fare of the association and the Unif Small Loan Law, spoke very const tively on the future welfare, success coöperation of the State Associa members, and other licensed m lenders. He believes that all lice money lenders should be members of state association and that such should be taken by the association m bership committee to enroll all lice money lenders into the State Associa stating its purpose and benefits der by being a member. Mr. Smith's talks at our meetings are always welc and appreciated. This is always sh by the generous applause he rec when presented, and after his talk t members. Mr. Smith has always t great interest in the welfare of the sociation, and suggested close coöp tion with the State Supervisor's De ment and proper service to the ge public.

Our toastmaster read a telegram Mr. Badger, president of the Ame I. L. A., who was to be one of our ored guests on this occasion, sending regrets in not being able to be pre due to illness, and sending his best w for a successful and enjoyable banqu

A letter from Charles H. Watts, p dent of the Beneficial Operating Bu Inc., of New York City, expressing regrets in not being able to be pr as our honored guest, and extended well wishes to the association men and guests present for a very enjo and successful banquet.

After a few brief words from splendid toastmaster, who has at the welfare of the State Association, who has been the main factor, with committee, in arranging such a spl program of speakers for this ban which was well received by those pre and after thanking each and all for splendid coöperation of the mem guests and friends for the success o Massachusetts I. L. A. Seventh An Banquet, after everyone had enjoyed splendid dinner, good speakers and p ing entertainment, the Banquet Room converted into a Ball Room. The merry-makers and dancers took pa the variety of dancing numbers, v

well fitted for all classes of dancers
2 o'clock. With the dying strain of
c playing "Home, Sweet Home" the
y and enjoyable crowd turned to-
ls Home, Sweet Home, to finish the
t, and the following day, with a
ı needed rest with the thoughts in
for the next Annual Banquet and
of the Massachusetts Industrial
lers Association.

MEMENTO

Massachusetts I. L. A. Committee,
ish to thank you one and all,
ıbers, friends and guests,
ır the success of this ball.

pleasure's all completed
ith the music's dying strain;
had a pleasant evening,
ıd we'll all unite again.

o homeward let's be going,
ıough we hate to leave the hall;
another years is coming,
ıd another M. I. L. A. ball.

hope you all enjoyed the evening
ıd that you'll come again;
ı best wishes and au-revoir
ıtil we meet again.

D. J. Cote, *Secretary.*

HUMAN INTEREST STORY

young man came to the Bureau the
week, saying he was in serious
ble and wanted the Bureau to help
out. According to his story he
been working for many years for a
ble concern and had been receiving
od salary.

bout a year ago for some reason
h he himself seemed unable to ex-
ı, he began gambling, with, as he
essed it, the usual gambler's luck.

ıe immediate cause of his coming to
Bureau was, he said, that during the
ious few days he had been writing
ks on an already over-drawn bank
unt, and he had no money to de-
in the bank with which to take care
hese checks, and he feared results
ı the checks came back.

is wife, he said, knew nothing about
matter and he felt that under the
sure of all his trouble he would
r have to take his life or leave town.
e was advised first to see each of
holders of his checks and explain
situation to them, saying he was
arranging to get the money to meet
ı. He was then to acquaint his wife
the situation and was advised that
could, with his wife, borrow money
ı any of the legalized loan companies
Kansas City, in a sufficient amount
ake care of all of his outstanding
gations.

e left the office with the promise to
w out the suggestions made.—*Chi-
Better Business Bulletin* 9-26-28.

AN SHARK MUST RETURN $180 EXCESS INTEREST

Among Many Filed Against Loan Sharks Since Bureau Started Campaign

dgment for $180 in the suit of Fen-
Rennison against Stanley Zalewski
return of alleged usurious interest
was given the plaintiff at a hear-
ing before L. R. Tolliver, justice of the peace, Monday, September 17.

Rennison claimed to have borrowed $30 from Zalewski, who operates a loan concern at 604 Gumbel building, some time ago. At the time the suit was filed it was estimated that Rennison had paid the principal and a fair rate of interest plus $180 usurious interest.

Other similar suits will be filed against loan concerns which have collected excess interest.—*Chicago Better Business Bulletin,* 9-26-28.

REPORTS AVAILABLE

The Interim Committee of the Minnesota House of Representatives on Small Loan legislation has filed and printed its report. The report recommends the passage of the Russell Sage Foundation Uniform Small Loan Law, adapted in form to the Minnesota Legal situation. The committee has written a very comprehensive report, based on a thorough analysis of the situation. The report discusses and rejects the arguments most frequently advanced against the Uniform Small Loan Law and gives a very orderly and logical presentation of the underlying reasons for the failure of all other legislation and for the constant successful operation of the Uniform Small Loan Law. A limited supply of the reports is available upon application to the National Secretary's office, Box 778, Harrisburg, Pennsylvania, for the use of members whose work involves such material.

GEORGIA

The Georgia Lenders met at the De Soto Hotel, Savannah, Georgia, January 26th.

Stephen N. Harris welcomed the delegates to Savannah in the absence of Mayor Gordon Saussy, who was absent from the city on business.

We were then addressed by John J. Connell, President of the Savannah Clearing House and Vice-President of the Citizens and Southern Bank. Mr. Connell's topic was "Field Served by Industrial Lenders as Compared With the Regular Banking Business." He gave an outline of the close relationship between the commercial banker and the industrial banker. Mr. Connell said:

"The practice of lending money has probably existed since the time man began to make money. Certainly it is one of the important functions of a bank, the other principal function being receiving and safekeeping deposits and repaying them as called for.

"During the past few days, I have given thought to just what difference there is in the making of industrial loans by your company and of commercial loans by regular chartered banks. I recently saw a pamphlet of one of your companies which I read with a great deal of interest, comparing the statements therein with the general policy of commercial banks. It started off with an explanation of its reason for existence and, while possibly a whole page of the booklet was interestingly used, it really summed up in two words—"To Serve," and that is just exactly the reason for a successful bank's existence.

"You sell service—make a loan, counsel and advise with the borrower and make a friend of him. Banks do the same thing. The booklet further indicates you consider the character of the borrower, and the use for which the money is needed—that extravagance and wasteful expenditures are discouraged—and that is the policy of banks generally.

"It appears to me that there is very little difference in the principle involved in making industrial loans and in making commercial loans. This difference is in the application of principle and the size of the loan.

"In commercial banking, in making a loan we first consider: "Is It a Safe Loan?" then, "Is It Liquid?" that is, is it really a loan properly considered as an extension of credit, or is it going to be a long drawn out affair—renewal after renewal requested, in other words, continuously used in the operation of the business, really the bank furnishing just that much of the capital. Regardless of how safe a loan may be, capital loans are frozen assets, cannot be realized on quickly, and are, therefore, an undesirable asset for a commercial bank.

"A bank also considers the necessity for the loan. Easy credit, too freely used, can become very harmful, and it is part of a bank's duty to its customers to know why a loan is requested and for what purpose the funds are to be used.

"Your companies fill a place which banks ordinarily cannot—and will not. Banks observe a somewhat reciprocal plan. They feel an obligation, first, to lend to their depositors. With interest rates charged by banks—5 to 8 per cent, the profit would be insufficient, except for the credit balances maintained by the borrower and which are maintained continuously, though very likely the customer only borrows possibly during six months out of the year.

"A loan, therefore, if made to a person not a depositor in the bank, maintaining no balance, at a rate of even 8 per cent, the maximum rate allowed would hardly be considered an "attractive" loan from the average bank's viewpoint—especially if a small loan.

"Our people, as a whole, are not thrifty, and unfortunately a large number of those who could easily do so, and certainly should do so, have no bank account, save no money, establish no credit—but they do furnish their home and usually have a reasonable amount invested in that way. An urgent need for money comes. They have no approach to a bank. They are not known—but embarrassment is saved them by such companies as yours, operated to serve just such cases.

"A bank, at banking rates, would not find small loans profitable. Our loans are made usually for 30-60-90 days, and the average person carrying a loan appears to find it possible to make only small reductions at each maturity, whether it be 30, 60 or 90 days. A bank could not conveniently undertake to handle weekly payments. We are not equipped to do this, and in order to do so, I believe a separate small loan department would be necessary, which would entail considerable expense, and with an income of only legal interest would necessarily operate at an actual loss. You cater to this business, and use rates which take care of the expense of handling, which is, of course, minimized by your systems, and allows a satisfactory profit.

"There is a wide difference in industrial loans and commercial loans, but the underlying principles, desire to render service, investigation of character and standing to warrant safety, and consideration of the purpose of the loan—are exceedingly similar, and differ only in the method employed and the amounts involved.

"Your companies fill an important need, where banks generally are not prepared to serve.

"Continue with it, and teach your clients the advantage of saving some money and establishing themselves with a bank, so that later the bank can serve them and relieve you to care for other and new business, which is continually coming to you."

We were also addressed by Judge A. R. McDonough, of the Municipal Court of Savannah. The Judge certainly made it very clear that there is no room in Savannah for the salary buyer. A lengthy paper was prepared by Judge McDonough to read and it almost covered the small loan business in its entirety.

Thos. R. Jones, Chairman of the Savannah Board of Trade, accepted the opportunity to present Savannah's invitation for the National Convention 1930 through the Georgia Lenders.

There were nineteen in attendance at this meeting. Mr. Moore and Mr. Hess, of the Beneficial Operating Bureau were both in attendance.

The following officers and Executive Committee were elected:

R. R. Lanham, president; C. T. Dismer, secretary; T. E. Winslow, treasurer; E. B. Zachary, vice-president.

The Executive Committee is composed of A. B. Madison, chairman; E. H. LeVert and B. L. Lassiter.

CHAS. T. DISMER, *Secretary.*

ILLINOIS

The Illinois Industrial Lenders Association held its quarterly dinner and business meeting at the Hotel La Salle in Chicago, January 31st.

Following the dinner an interesting and instructing talk was made by Flint Grinnell, manager of the Chicago Better Business Bureau, and he outlined the splendid activities of the Bureau in checking fraudulent advertising and numerous business schemes which prey upon the public. Many of our members have become members of the Chicago Better Business Bureau and others will follow quickly.

R. K. Nelson, in charge of the small loan advertising department of the *Chicago Daily News* spoke to us about the policy of his paper and considerable space will be used by the *News* in the near future to tell their readers how loans are made by licensed lenders.

Our business meeting followed and satisfactory reports made by Treasurer J. D. Lynch on finances and the secretary on membership.

The following applications for membership were voted upon and accepted:

Personal Finance Company, 210½ W. Second Street, Kewanee, Illinois.

Personal Finance Company, 509 City National Bank Bldg., Centralia, Illinois.

Beneficial Loan Society, 105 W. Madison St., Ottawa, Illinois.

Illinois Cash Credit Corporation, 164 Division Street, Elgin, Illinois.

Illinois Cash Credit Corporation, 210 Washington Street, Waukegan, Illinois.

Local Loan Service, 307 Forest City National Bank Bldg., Rockford, Illinois.

Household Finance Corporation, 841 E. 63rd Street, Chicago, Illinois.

Household Finance Corporation, 2958 Milwaukee Avenue, Chicago, Illinois.

Personal Finance Company, 301 Volkman Building, Kankakee, Illinois.

Personal Finance Company, 316 N. Hickory Street, Champaign, Illinois.

President Albert P. Snite spoke about the next meeting to be held in Chicago, April 25th, and asked the members if it was their wish to follow the custom of the last two years and have a business meeting in the afternoon and a banquet with speakers followed by dancing, and it was unanimously voted that we make arrangements for this big party.

A number of matters, of interest to everyone, were discussed and many good talks were made by Mr. Napier, Mr. Turgrimson, Mr. Rose and others.

We touched on the value of organization and membership in our Association of Commerce, Chamber of Commerce, State Association and National Association, and President Snite urged every member to loyally support these bodies.

Every one enjoyed a good dinner and much was accomplished at the meeting.

Watch for announcement of the big party April 25th.

J. H. SANDERSON, *Secretary.*

STATE BILLS ATTACK "SAGE" LOAN LAWS

Indiana, Missouri and West Virginia Measures Would Cut Interest to 18%. Henderson Holds 42% Fair. Foundation Aide Says "Sharks" Are Trying to End Uniform Curb on Small Loan Charges.

The Russell Sage Foundation uniform small loan law, which has been adopted in twenty-four States as a regulatory measure against loan sharks is under attack in middle western states. Bills recently introduced in the Legislatures of three states would reduce from 42 per cent to 18 per cent the annual interest rate on loans of $300 or less, and in Ohio from 38 per cent to 18 per cent.

Leon M. Henderson, director of remedial loans of the Russel Sage Foundation, returning yesterday from Indianapolis where he went to oppose the Indiana reduction bill, asserted that counsel for the loan sharks in at least two states were lobbying for the reduction bills. He defended the 42 per cent annual or 3½ per cent monthly interest rate as necessary under proper regulation to produce sufficient funds for the small loan business.

In the Indiana General Assembly Senator Sherwood has introduced a bill reducing the annual interest rate on small loans to 18 per cent, or 1½ per cent a month, from 42 per cent or 3½ per cent a month. Representative Ahrens has introduced a bill to reduce the interest rate from 3½ per cent monthly to 2 per cent, retaining the other provisions of the Sage law.

OHIOAN ASKS 18 PER CENT RATE

In Ohio Representative Stanley E. Laybourne has introduced a bill to duce the interest rate on small loans fr 36 per cent annually to 18 per cent. O has never passed the Sage Foundat Uniform Rate Law.

In Missouri Senator J. H. Brogan St. Louis had introduced a measure cut to 18 per cent the small loan inter rate of 42 made legal under the S Law enacted two years ago.

Commenting on the pending reduct bills, Mr. Henderson said that the op sition to the uniform law had not s ceeded in upsetting that law in any st where it had been enacted. He poin out that at Indianapolis some of th who supported him in opposition to proposed reduction measure were Louis N. Robinson, of the National Cri Commission; the Independent Federati a community trust of Indianapolis; Philanthropic Loan Agency and the dianapolis Public Welfare Associati In West Virginia, where he opposed similar reduction bill he was suppor by the United Mine Workers of W Virginia.

SAYS CIVIC GROUPS BACK LAW

"There isn't any organization such the Better Business Bureau, Chambers Commerce, labor unions, civic organi tions and banks that has recommen or supported a change in the unif law," said Mr. Henderson.

He explained that the uniform law been adopted by twenty-four States extended over territory practically as west as the Mississippi River. Te Minnesota, Arkansas, Washington, District of Columbia, South Carol Delaware, Kansas, Vermont, proba North Carolina and Nebraska will h either the uniform law or one closely sembling it before their Legislatures year, according to Mr. Henderson.

"As the territory in which they r operate without interference gets sma and smaller the loan sharks are beginn to fight back," said Mr. Hender "Loan shark combines in different p of the country are pooling their resour They are operating from headquarter New Orleans, Louisville, Chicago, Mi apolis and St. Louis.

"In Missouri, the Better Business reau has been trying for six months get prosecutions. But they cannot. loan sharks seem to have powerful litical influence. The whole rate re tion movement is a desperate attemp resist regulatory legislation. A year when we started this drive against small salary buyers they began to resources. If Texas and Minnesota a the uniform bill there will be no uriant field for the loan shark."

In defense of the 3½ per cent inte rate Mr. Henderson said that "the had to be high to attract sufficient ital."

"We have had 2½ per cent in York State since 1915 but there is money in the small loan business in York now than there was in 1915, though Attorney General Ottinger in report estimated that the loan shark New York were charging yearly inte aggregating $25,000,000. The Bu Commission has before it the Otti report which recommended that the York law be amended to conform the uniform law in effect in twenty- other states.—*N. Y. Times, Feb. 3,*

'RISCO RAILWAY OFFERS OOPERATION IN BUREAU'S LOAN SHARK FIGHT

'he Bureau's campaign against illegal ıey lending has been in progress some months. The "salary buyer" type of gal money lenders have received much ce, acquiring that precedence by sheer icity in their interest charges. It has ady been announced that two of the "salary buying" offices in St. Louis being closed out as a result of the eau's activities. Rumor is to the ef-, and it is a rather definite rumor, one of the other offices is about to e an announcement of its withdrawal n the field. It has also been stated various circles that the only reason ary buyers" are remaining in St. is is because they anticipate a less ressive attitude on the part of this eau in opposing their high rate and al loans. Far be it from this Bureau lisillusion anyone, although we have ıesitancy in announcing with emphasis this Better Business Bureau is just ggressive in its opposition to illegal ey lending today as it was when our paign actively opened up last year. *are still in the fight and will remain he fight until the practices of illegal ey lending in this town have stopped.* ı our bulletin of January 7, 1929, in rticle on Loan Sharks. the following ement was made: "All large rail-ls in St Louis that were solicited, ı the exception of the Frisco, have ten a letter to the Bureau promising peration in not discharging their em-ees (chronic violators excepted) who ht refuge through the Better Busi-Bureau."

'RISCO RAILWAY STATES POSITION

nce this bulletin was mailed to the lers, Hon. J. M. Kurn, President of St. Louis - San Francisco Railway ıpany, wrote the Bureau the follow-letter:

ntlemen:

\ copy of the January 7th issue of St Louis Better Business Bureau's etin is before me and I desire to call attention to the article on the second thereof headed 'Illegal Lending t Stop.'

'his article intimates that the Frisco road is not willing to coöperate with Better Business Bureau of St. Louis onnection with the loan shark cam-n. This is certainly anything but the We have indicated all along our re to work closely with the Better ness Bureau in the suppression of salary buying loan shark and while did not feel that our rule, which is ong standing, indicating to our em-es that assignment of wages will not olerated, should be changed in any no employe of our company is ever harged for a violation of this rule out his case being gone into very fully—in other words, each case is lled on its individual merits, and, ourse, when the facts justify taking on, this is done.

Merely wanted to write you along e lines as do not want the impression et out among others that the Frisco s is not willing to coöptrate with you his worthy cause.

Very truly yours,"

While Mr. Kurn's letter is not as direct as the letters recevied from the other roads, the Bureau is, nevertheless, glad to have his expression of coöperation, as we are confident the Frisco is also anxious to eliminate illegal money lending practices from this community.—*St. Louis Better Business Bureau Bulletin. Jan. 28, 1929.*

NEW MEMBERS

We are pleased to welcome the following new members—Add them, please, to your year book directory:

Beneficial Loan Society, 209 N. Liberty St., Jackson, Tenn.

Pennsylvania Cash Credit Corporation, 8 N. 2nd St., Chambersburg, Pa.

Kentucky Cash Credit Corporation, 159 W. Main St., Lexington, Ky.

Georgia Cash Credit Corporation, 403 Cherry St., Macon, Ga.

Household Finance Corporation, 22 W. Monroe St., Room 1403, Chicago, Ill.

Household Finance Corporation 2958 Milwaukee Ave., Room 202, Chicago, Ill.

Household Finance Corporation, 841 East 63rd St., Chicago, Ill.

Household Finance Corporation, 53½ W. Huron St., Pontiac, Mich.

Household Finance Corporation, 1003 Walnut St., Kansas City, Mo.

Household Finance Corporation, 705 Olive St., St. Louis, Mo.

Household Finance Corporation, 52nd and Market Sts., Philadelphia, Pa.

Personal Finance Co., 115 W. King St., Martinsburg, W. Va.

Personal Finance Co., 100 N. High St., Millville, N. J.

Personal Finance Co., 204 Broad St., Kingsport, Tenn.

Personal Finance Co., 316 N. Hickory St., Champaign, Ill.

Beneficial Loan Society, 105 W. Madison St., Ottawa, Ill.

Credit Small Loan Service, Inc., 404 McKevitt Bldg., Norfolk, Va.

Personal Finance Co., 200 High St., Pottstown, Pa.

Personal Finance Co., 41 S. Main St., Carbondale, Pa.

Personal Finance Co., 604 Dollar Savings & Trust Co. Bldg., Pittsburgh, Pa.

Personal Finance Co., 247 Chestnut St., Meadville, Pa.

Personal Finance Co., 237 Desmond St., Sayre, Pa.

Personal Finance Co., 6218 Penn Ave., East Liberty, Pittsburgh, Pa.

Personal Finance Co., 109 N. Brady St., Dubois, Pa.

Personal Finance Co., 202 W. Mahoning St., Punxsutawney, Pa.

Personal Finance Co., 216 Liberty St., Warren, Pa.

Personal Finance Co., 74 W. State St., Sharon, Pa.

Personal Finance Co., 6 S. Main St., Washington, Pa.

Metro Loan Co., 410 Continental Bldg., Kansas City, Mo.

Provident Loan Assn., 709 Guaranty Bank Bldg., Lexington, Ky.

Guarantee Loan Co., 530 Market St., Chester, Pa.

Beneficial Loan Society, 347 Main St., Pawtucket, R. I.

Personal Finance Co., 15 Kennedy St., Bradford, Pa.

Beneficial Loan Society, Masonic Temple Bldg., Ironton, Ohio.

Personal Finance Co., 1 Famous Bldg., Alton, Ill.

Beneficial Loan Society, 7814 S. Halsted St., Chicago, Ill.

Personal Finance Co., 11 W. Romana St., Pensacola, Fla.

Consolidated Plan of Connecticut, Inc., 1296 Stratford Ave., Bridgeport, Conn.

Personal Finance Co., Pershing Bldg., Danbury, Conn.

Personal Finance Co., 753 Main St., Manchester, Conn.

Personal Finance Co., 91 Washington St., So. Norwalk, Conn.

Personal Finance Co., 104-108 Main St., Torrington, Conn.

Industrial Bankers of Brockton, Inc., 196 Main St., Brockton, Mass.

Personal Finance Co of Pittsfield, Inc., 74 North St., Pittsfield, Mass.

Industrial Bankers of Salem, Inc., 254 Essex St., Salem, Mass.

Industrial Bankers of Taunton, Inc., 1 Broadway, Taunton, Mass.

Industrial Bankers of Waltham, Inc., 371 Moody St., Waltham, Mass.

Industrial Bankers of Greenfield, Inc., 158 Main St., Greenfield, Mass.

Industrial Bankers of Mass., Inc., 56 Suffolk St., Holyoke, Mass.

Industrial Bankers of Lawrence, Inc., 301 Essex St., Lawrence, Mass.

Industrial Bankers of Leominster, Inc., 14 Monument Square, Leominster, Mass.

Industrial Bankers of Lowell, Inc., 175 Central St., Lowell, Mass.

Industrial Bankers of Newburyport, Inc., 21 Pleasant St., Newburyport, Mass.

Industrial Bankers of North Adams, Inc., 11 State St., North Adams, Mass.

Industrial Bankers of Quincy, Inc., 27 Temple St., Quincy, Mass.

Personal Finance Co., 54 Merrimack St., Haverhill, Mass.

The Capitol Loan Co., 1122 Central Ave., Middletown, Ohio.

The Service Finance Co., 201 Majestic Theatre Bldg., Columbus, O.

Guarantee Loan Co., 605 Broad St., Newark, N. J.

Guarantee Loan Co., 5 S. Laurel St., Bridgeton, N. J.

Popular Finance Corporation, 202 Jersey Journal Building, Jersey City, N. J.

Popular Finance Corporation, 2145 N. Front St., Philadelphia, Pa.

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MEETING SCHEDULE

MARYLAND — Baltimore, February 12.

PENNSYLVANIA—Pittsburgh, February 13.

NEW JERSEY—March 7, 1929.

CONNECTICUT — New Haven, March 20.

MASSACHUSETTS — Boston, April 17.

MICHIGAN—Flint, April 18.

ILLINOIS—Chicago, April 25.

MISSOURI—St. Louis, Hotel Statler, May 9, 1929.

STATE ASSOCIATION SECRETARIES

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l. XIII, No. 9. MARCH, 1929. Price, $1.00 a year; Single copies, 10 cents.

THE LIBRARY OF THE APR 5 - 1929 UNIVERSITY OF ILLINOIS

Report of the Committee on Small Loans and Investments of the National Association of Legal Aid Organizations

Presented at the Sixth Annual Meeting held in Detroit, Mich., Oct. 4 and 5, 1928

ECRETARY BRADWAY: There is no par-ilar report from that committee. Mr. rd, the chairman of the committee, is ble to be with us at the present time. has not submitted any report to me. am going to suggest that we ask ss Douglas of Dallas, Texas, if she l tell us some of the interesting prob-s she has down there in connection h the loan sharks.

MR. CLARK (Cleveland): Miss Doug-will you enlighten us on what is ng done down there in the fight against n sharks?

MISS DOUGLAS (Dallas): Mr. Chair-n, and Legal Aid workers, I have t lots of things to tell you about what are doing down in Dallas, especially the loan shark business. The Legal l Bureau of Dallas, put on, not long , what we thought was going to be ocal campaign against the operation the loan sharks in Dallas. But, it ned out to be a state-wide campaign. , from time to time, have been giv-human interest stories to the various vspapers of the tragedies, the heart-es, and the chaos that is being brought ut by the operation of the loan shark. n August we put on a two weeks' orous campaign through the news-ers, giving a daily story of the situa-n, and calling the loan sharks by name. ling how much money was borrowed; v much interest had been paid; and ether or not the loan shark had paid bond, according to the laws of the te of Texas, which, by the way, is a usand dollar bond which he is sup-ed to pay. This bond is supposed to put on record.

Ve found that there were seventy-five ns in Dallas. Most of them had their d office in the east. Some of them re in Canada. Only a few of them re local people. There are seventy-in Dallas of these loan sharks, and this seventy-five only seven were reg-red at the courthouse.

As a result of this vigorous campaign got the lawyers, the bankers, the busi-s men, the clubs and everybody inter-ed. We learned later that some of bankers were buying the daily papers to get our stories. The legislative chair-man of the legislature committee on loans in the state called his committee together. They are to meet in Dallas the latter part of October to probe the situation there, with the view of passing public laws in the State of Texas giving us more relief. We are asking for the needed legislation to enable us to wipe these money changers out of the state.

Then, another thing that was done through this was the matter of taking the situation up with the State Railroad Commissioner. I am sure you all know that the people who work for the rail-roads, particularly, are afraid of their jobs. On these wage assignments, if a man is turned into the railroad company he loses his job. Some of these people have been forced to borrow money from these loan sharks, and if the railroad officials find it out, they do not fool with them a bit; they just fire them, because they say that they have so many em-ployees that if they took the time to investigate they would be investigating all the time, which, I am sure, is true. These people are just scared to death of their jobs. Many of these loan peo-ple are taking advantage of that, and holding that whip over their heads.

The railroad commissioner has called the heads of the railroads. They are go-ing to meet in Dallas sometime during the latter part of next week, during the fair, and we are going into that situa-tion with them, the tragedies that could be averted if they would be just a little patient with these people on their loans that some of them are forced to make.

As a result of this newspaper cam-paign we have gotten more publicity than we know what to do with. We dis-cussed the matter of publicity yesterday. In Texas, we have got publicity to let. We are just swamped with publicity, and just swamped with work.

I went before the State Bar Associa-tion and I talked on the legal aid work and its importance to the community. Of course, this loan shark business was em-bodied in that discussion, so that it is before the lawyers in that way all over the state.

There are some cases in point that I might tell you about. There was a case of one man who was a conductor on one of the railroads who borrowed $30, six years ago. He has been paying $14.20 interest every six weeks for six years on the $30. He had altogether six of these loans, two or three of them for $20 and the rest of them for $30. His reason for starting in with the loan sharks was that his house burned; he had no insurance; his wife was taken ill; she had to have an operation; she was in the hospital a long time and then a parent died. He had one financial reverse after another. He borrowed money from one, and getting into a tight place, where the loan shark was about to turn him into the railroad, and then he borrowed from another, and another, and another, until he borrowed from six. This put him in a very bad place. When he came to me he was paying $80 inter-est every month on these small $20 and $30 loans.

I got after them and they stopped bothering him.

Just a few days ago his little wife came in and she said that she had not had a dress in so long,—she said "I haven't had but a $2.00 dress, Miss Doug-las, in I don't know how long." She came in the other day with a pretty silk dress, black, trimmed up in gold with the sweetest smile on her little face. It was just a joy to my heart. I just got more of a kick out of that than almost anything that has happened in my office in a long time, that I had but a little bit of a part in that little woman having a pretty new dress.

I had a negro who came in who had borrowed $10 from one of these firms. He paid $108 interest. They were still on his back for more money. He worked for Sears, Roebuck. And they were threatening to turn him in. I took the matter up with Sears, Roebuck Com-pany, and he will not be bothered any more. But, the loan shark is being bothered. He is either going to pay back twice the amount of that usurious interest—twice that $10,—or, he is going to get a suit on his hands.

INDUSTRIAL LENDERS NEWS

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I might show you something of these glaring headlines, like this, if anybody is interested, about the loan shark. They do not like that kind of newspaper advertising. It is natural that they would not. Here is one story: "$144 interest on a $25 loan." They put that in a picture frame for me. Here is another story: "Money lender collects $300 on a loan of $60." Now, that man's name, and address, and all about him is in here. There are two or three other instances against him in that story. He cannot proceed. He was in a $10,000 usury suit recently, and this newspaper story was read to the jury and passed around. We got quite a kick out of that, too.

Here is another one: "Legislature would probe loan shark firms in operation here." That is nice publicity. One loan shark whose name appears in here called me up next morning and he said that they would settle any way that I thought was right. But, it took this spotlight of publicity to do it.

Here is another one: "Charges ten per cent interest every month, plus ten per cent a year." That really was a tame one, compared to some of them. There are many others like that, but I will not take up your time. This will give you an idea of what we have done in this matter. They are calling in and saying, "I will settle now whichever way you think is right." They will say "What do you think is right? I want to do the right thing." But, they never did want to do the right thing until they had the spotlight of publicity thrown on them. They are awfully afraid of the Legal Aid and of the Welfare Department, because they know that they will get this publicity from them.

In the matter of coöperation, we have gotten beautiful coöperation from the bench and bar, the newspapers, clubs, bankers, business men, women's clubs, churches, and everybody. They are all interested in this situation down in Dallas. I want to serve notice on you right now that you are going to hear from us down there, because we are going to accomplish a great deal of good down in the Lone Star State, working in legal aid work. (Applause.)

MR. CLARKE (Cleveland): We certainly appreciate your talk, Miss Douglas.

Mr. Pilling reported on the action of the National City Bank in New York in opening a special department of small loans on endorsements.

Mr. Kaumheimer made a report as to similar action by the Second Wisconsin National Bank.

MR. ROSENTHAL (New Haven): Mr. Chairman, we have in New Haven, three of the largest banks that have gone into the industrial loan business. They loan money to the workingman. They also use two endorsers. Our rate for licensed loan associations, and small loan firms in Connecticut is three and a half per ce a month or forty-two per cent a ye But, we have recently had two compani come into New Haven who are lendi money out without any endorsers, mere on a bill of sale for furniture or a chat mortgage at twenty-one per cent or abo one and three-quarters per cent p month, which lightens the burden co siderably.

I have had quite a number of cas in my bureau where people have co in who have considerable difficulty making both ends meet. Their bigg source of trouble was in the fact th they owed money to these associatio these licensed loan companies, some whom are controlled by the banks New Haven. They have to go in a pay these claims, with interest of fort two per cent, and something on t principal every month. But, I have go to the offices of these various companie they are all pretty reputable, and in m cases where there has been any difficul I have been able to cancel all intere In some cases I have gone so far as cut the interest in half, and do aw with all payments on the principal un such time as the people are able to ma payments on the principal.

Acting on the assumption that th people are in business to make mon they make money on the interest. makes no difference whether they get t principal back or not, so long as th get interest on the principal. They ha all been very willing to coöperate w us. We have never had any other troub Although, I will say this, that if th people would only give credit to proper parties there would never be a trouble.

SECRETARY BRADWAY: I would like ask if Mr. Miriani would give us a lit statement of the work that he has be doing here in Detroit.

MR. MIRIANI (Detroit): First of may I say this: that you cannot along without the small loan compa Now, I will make this statement in r erence to what Mr. Kaumheimer and M Pilling said, about the banks loan money. We have it here. But, trouble is that the man that needs mo and goes to these small companies not the man that the bank will acc He has not the credit; he has not standing; he has not the ability to the credit, so that he can only pay per cent a year. Now, last fall, with any searchlight, newspapers or anythi the prosecutor's office raided four offi in Detroit that were in the small l business, who came under the act,— other words, we have an act that un $300, the interest must not exceed th and a half per cent a month. We a have a section in that act that if t do charge more than three and a h per cent a month, the loan and the c tract are entirely void. In other wo there isn't any recourse for the compa

The Better Business Bureau, in c nection with the prosecutor's office, o Saturday afternoon, when all the bo were in the office, raided the offices seized all the books. Duplicate reco were made. We had a copy of th Two months later upon the trial t were found guilty. They were only fi not sent to jail, for a very good rea Later, they commenced suits, that is, t started two suits, a signal of the op ing of fire, as we thought, for collect

n their notes. These suits were both rought before Judge Gordon whom you eard last night. He asked me if I ould try them personally and file briefs n the question. We did. Fortunately, one, we were able to prove, I think, fourteen cents overcharge, which made usurious interest, and the entire con-act was void. A verdict of no cause f action was entered. They had three undred and sixty-seven and some odd ases, as I remember. They dribbled in. Ve tried, I think, ten cases.

We have six judges sitting as justices nd in our system of rotation, you can most select your own judge. We orked that system. We tried the cases each of the courts, and we were able muster up our defenses and showed at it was usurious.

After the ten cases were tried,—I went see the so-called loan shark compa-es' counsel. They had a reputable at-rney in town, a good lawyer. We got gether, and took all the cases that they d. We met one afternoon and took ch case and went over their records find out which ones we could prove ere absolutely usurious. We sorted em all out. We struck a balance and und that possibly half of them they uld collect on, and the other half they uld not. It was suggested by the other torney that we start all these cases; at we take credit for all the money at was paid on the account; interest d principal to be added. If there was ything over, the case was to be dis-ssed. If there was anything to be id, we let the workman decide whether should pay it or not.

I thought that the Legal Aid Bureau s a so-called semi-public institution, d should not take advantage by using defense to take away actual money be-ging to a company, even though they d been guilty of fraud and misrepre-ntation. There were, I think, sixty-two es started on one morning. We went er the list. In nearly every one of m,—I think very few of them were rpaid—in nearly all the cases there s probably $10 or $12 still to be paid. e added the interest and principal and t it to the workman. We asked him o you want to pay the $12 or $15?" think the largest one was $37. We ed him, "Do you want to pay it, or you want to avail yourself of the enses provided by statute?" And in ry case we had the workman insisted paying back dollar for dollar. That how we cleared the situation, by pay-them dollar for dollar in any case t they still owed.

An interesting feature of it was we nd a so-called loan shark that was rating here was backed by a man by name of Coolidge. I won't tell you first name. It is the same as the sident. He came from Atlanta, orgia. He was the principal stock-der in all of the companies. The uliar thing about it is this outsider ning in. It only goes to show that start fighting one thing and neglect other thing, and that the officers of Legal Aid Bureaus at times go off f baked.

Now, we don't need any loan shark n to come up here from Atlanta. We e seven or eight offices in town that that business. But we found that the ieties in our city would not advertise, uld not make any display for busi-ness. Still, they were angry, because an outsider got the business, and that was one of the fights in it that the actual bona fide workingmen with the Provident Loan Society, which is backed by the financial men in town, were charged three and a half per cent, and later they reduced their rate to two and a quarter per cent, per month, when this came up. The situation was all cleared. But, to me, it was nothing but a useless thing to go in and argue how terrible a thing it was that the small loan man that came from Atlanta was doing, how terrible it was, when the people of Detroit did not do a thing to stop it in the first instance. They let it go here. Then, when a poor workingman went over to the prosecutor's office and showed that he had paid back $200 for a $180 loan, and still owed them $180, the whole city was in an uproar and they wanted it cleaned out. The prosecutor did not act immediately. He waited about three or four months until he was sure to get all the books. We nearly had a grand jury investigation to find out why we were not acting.

MISS DOUGLAS (Dallas): May I say that we are not fighting the small loan man? I realize that the public needs the small loan man. But, we are opposing the blood suckers. We do think that when a man borrows $60, and pays back $340, that he surely has paid back enough. Where they want to be reasonable we have not turned on the spotlight of publicity. But, we have turned on the spotlight of publicity on these folks that charge those awful rates of interest. We do have one industrial bank, one mercantile national bank has put in an industrial loan department, where a man can borrow a small loan at a legal rate of interest; they are asking two signatures. But, I am telling these people to come to me that have paid $340 on a $60 loan and telling them that they better wear a Texas hickory shirt and do without the money than have to pay that sort of thing.

Now, we have fixed many of these usurious interest contracts without any trouble. We are doing it constantly. But, I think we have been quite right in our publicity on these cases. At least we have got the legislature interested enough to pass uniform laws that will enable us to keep our people,—that is, these ignorant people, from paying these terrible rates of interest. This publicity will, perhaps, in some way advise the unsuspecting Public until we get that relief.

We are not down there just scrapping. We do feel that our work is more or less judicial in our capacity, than otherwise. We do try to keep it as such, because it is a department of public welfare. We have been giving publicity to these things that will interest the public, get them aroused so that we can get some action. Sometimes you have to dynamite them before they see the situation.

MISS SPINK (St. Paul): May I ask

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The man who is completely covered by insurance is the most desirable borrower for you. Unfortunately, not every individual sees the necessity of carrying sufficient insurance for complete coverage of his obligations and it is up to you, therefore, to provide him, at least during the term of the loan, with enough insurance to be certain of your own protection. It will take little effort on your part to convince your borrower of the necessity of insurance for the sake of his family. It certainly should not take any effort on our part to convince you of the wisdom of selling "Borrowers Protection" insurance for the sake of your own safety. Moreover, instead of paying for your own protection, the insurance you furnish will provide additional income for you.

Most important—there is no red tape. The insurance on the life of a borrower goes into force immediately without medical examination or any of the usual difficulties connected with issuing insurance policies.

We should like to furnish you with sufficient information on "Borrowers Protection" to enable you to determine for yourself how valuable and how important this phase of the business will be to you and to your organization. Simply address

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JERSEY CITY

BANKERS NATIONAL LIFE INSURANCE COMPANY

NEW JERSEY

a question of the group here? In St. Paul, Minnesota, we have what we consider to be an inadequate percentage of legal profit for the loan companies. That is, we have one per cent a month, with a small fee for making the loan. We were unsuccessful in getting passed through our legislature the Russell Sage Foundation rate of three and a half per cent a month. As a result of that we have considerable trouble with the loan sharks.

During the past year the Legal Aid Bureau has been quite successful in coöperation with the loan companies realizing the necessity of the loan companies, and the real service that they do to our clients. We have advised, in St. Paul, that the amount of the loan, the amount of the principal of the loan, plus a legal rate of interest, be repaid by our client, although there is a statutory provision which provides that loans made at a usurious rate of interest shall be absolutely void.

I am wondering whether that is the policy of other Legal Aids; whether to take advantage of the provisions which I understand is quite general, making the loans void; or whether it is the general policy to advise the payment in full of principal, plus the legal rate of interest and what statutory fees are provided.

And, may I raise another question at this time in connection with this matter? It is something which has been troubling us considerably in St. Paul. While we have been reasonably successful in our personal contacts with the Legal Aid and the loan shark, we realize that we have a very small percentage of the cases which arise, even in our city. I am wondering whether any of the Legal Aids have carried on any sort of educational program through the Legal Aid, by distributing any sort of literature to their clients. Whether that is considered a sane and valid sort of program, or whether it is too dangerous to be tried at the present time. I am wondering whether I might ask for a discussion on those two things.

MR. MIRIANI (Detroit): In view of the educational program, here is an idea which the Community Fund is trying. We have a booklet showing all the agencies, courts, public offices in town, published by the Detroit Community Fund, the Detroit Community Union. There are forty pages of that book in which we print the laws; the non-support laws, reasons for divorce, the small loan act, the naturalization laws, and why you can be deported. That book is distributed to all the social workers, and also anybody that wants to buy it at $.50 a copy. I am told that thousands of them are sold.

May I ask you this, Miss Spink? In your negotiable instrument law or your Small Loan Act, what is your rate of interest in Minnesota?

MISS SPINK (St. Paul): Eight per cent.

MR. MIRIANI (Detroit): If they charge over eight per cent, does the law say that you can recover only principal, and not the interest? Not your small loan, your Negotiable Instrument Act.

MISS SPINK (St. Paul): If there is any case in which there is usury, either under the Negotiable Instrument Act or under the Small Loan Act, the principal and interest both are forfeited.

MR. MIRIANI (Detroit): Our law is this way: We have a legal rate of seven per cent. If you charge more than seven per cent on any contract, you can only recover the principal. In a suit at law, letting out your small loan act, they could recover principal and not interest. Then, let the workman judge if he wanted to pay it. There was a test as to whether or not the workman was fair. We can say that in the small percentage of cases we had, of course, when you figure we had 28,900 working men in town, they paid back dollar for dollar. That was very gratifying to me, and gratifying to the judges. It was a splendid thing to do, in showing the companies that the workman is not a deadbeat. He paid it back dollar for dollar, but not any interest because they could not collect interest if they did not have the small loan statute.

MR. CLARKE (Cleveland): As I understand, the policy of the Legal Aid, it is to pay the usurious loan; they feel that the loan, as Mr. Miriani said, should be paid back at the legal rate of interest. I do not believe that most of them are treating the whole thing as void. I know, in Cleveland, our practice has been with salary borrowers, if they paid back more than the principal and legal rate of interest, we told them to forget it. I also say on education, we tried to pass the word out to the men, telling other men, also through radio releases. We find that has been quite effective through the Better Business Bureaus. They give concrete cases. All that has been effective.

I see no objection to releasing any kind of literature or radio releases that are truthful and accurate. I do not know of any more effective way than, as Miss Douglas has said, through publicity. That will furnish the means of disseminating accurate information on this.

There is one other person I want to call in this small loan matter, Elmer Miller, of Buffalo, New York. He has been ridden to death with these salary borrowers. I know that you will be interested in hearing from Mr. Miller.

MR. MILLER (Buffalo): Mr. Chairman, the so-called salary borrowers are suffering a bit in New York State. The attorney general of the state called a number of us into conference. There were representatives of the various railroad companies, some bankers, and various representatives of labor organizations. We worked out a general scheme for coping with this situation. In Buffalo, we found that the majority of these concerns originated with the so-called Big Four. Their method of doing business was substantially this: the railroad man would make an application for a loan, after he had been circularized, ordinarily, for the sum of $25. He signed what they called a sale of his wages. He was paid this $25 and told to return in two weeks and pay back $27.50. That was interest, approximately, at the rate of two hundred and forty per cent. In most of our cases, that rate of interest applied.

One of the concerns brought an action in our municipal court on a contract theory and we interposed the equitable defense that the loan was usurious. And this so-called sale was nothing but an evasion or attempted evasion of the statute. The municipal court judge, after the trial of the case, found in our favor. Later, other similar cases were brought on for trial. One of the railroad companies defended one. We were asked t sit in with the railroad attorneys as c counsel. The result in that case was a in the former case. The company too no appeal from these decisions. Bot of the judges heard these two case in formed the attorneys for the companie in no uncertain terms that they cou not get away with that sort of thing New York State. That cleaned up th situation in quite good fashion. One the results of it all was that there w passed at the legislature then in sessio various laws covering that situatio They made it a penal offense to attem to do that sort of thing. We feel was quite an effective campaign. Short afterwards most of these concerns fold up their tents, and, as it were, ju passed on.

We found that we had a very effecti campaign. We were perhaps somewh disappointed after we received the favorable decisions, to know that th were not going on with them.

MR. CLARKE (Cleveland): Now, don't want to stifle any more discussi but,—

MR. MILLER (Buffalo): Mr. Hamilt just suggests it was our opinion that t salary purchaser has been entir stamped out in the State of New Yo

MR. CLARKE (Cleveland): I assu that everybody here understands wh has been said here, I am sure, is s against these people who are operat in violation of the Small Loan Law. are not here to fight the industrial loan group. I think everybody understa that. Most of them are operating un the Russell Sage bill, or a somew similar bill.

Are there any other comments or s gestions? This is one of the best thi gentlemen, I think that can come fr this gathering, the pooling of our formation, as to what we are doing these various cities. I do not think testimony needs to be merely cumulat If you have some special thing to or any method that you are using tha effective, or anything on the small law, we would be glad to have it.

LOAN SHARK BILLS READ AT ALBANY

Measures to Encourage Small Mc Lending Concerns Will Be Offe Today. New Method of Att New York City Legislators Air Licensing of Credit Agencies Combat Usury.

A war on loan sharks through the couragement of legitimate institution the business of small loans is the pur of a group of bills to be introduce the Legislature tomorrow under publican auspices.

Following the campaign against loan shark evil last year by A Ottinger, then Attorney General, the fare advisory committee of the York County Republican Comm drafted the measures upon advice of partisan banking and social we agencies. They will be presented i upper house by Senator Hofstadter in the lower house by Assembl Moffat and Lefkowitz.

The bills aim to put out of bus money lenders who take advantag pressing needs of small wage earne charge exorbitant rates of interest.

tigators have disclosed that the inter- has run as high as 600 per cent on ear reckoning and that business total- over $20,000,000 annually goes ough the hands of lenders of this type. With assurances that there is sufficient ital ready to enter the small loan field an honest basis if the present laws, disregarded by the loan sharks, are ralized, the sponsors of the bills ex- t them to be more effective as eco- nic weapons than would be the threat further penalizing measures.

Scope of the Measures

Financial encouragement to credit ons and savings banks, the raising of standards of personal loan companies and an increase in the legal monthly rate of interest on small loans are included in the legislative program.

The permitted rate of interest would be raised from 2 to 3½ per cent a month on monthly balance. This is in contrast with the rate of 20 per cent a month which the welfare committee has found to be the average charge now illegally made by the loan sharks.

In encouraging the credit unions, which are small financial associations, the bills would enlarge their investment privilege to include all investments that are legal for savings banks. Compensation would be permitted to members of credit committees and officers.

Savings banks could moderately increase the rate of interest which they are permitted to charge on small loans collaterally secured by endorsed notes. A nominal service charge would be authorized.

In amending the personal loan act the Legislative would require grant of license to loan companies by the banking department and revocation of license would follow violations of the act.

Included on the Republican Welfare Committee sponsoring the bills are Harold Riegelman, chairman; United States Attorney Charles H. Tuttle, Mrs. Ruth Pratt and Miss Sarah Scuyler Butler. John P. Rolph, Orrin B. Lester and William McDowell, bankers, and Rolf Nugent and Leon Henderson of the Russell Sage Foundation aided in drafting the bills.—*N. Y. Times, 2-22-29.*

The Small Loan Business

By Earl E. Davidson

State Supervisor of Loan Agencies in Massachusetts

A number of recent newspaper articles e called attention to printed circulars ertising loan companies and this reply prompted by several appeals to the ssachusetts supervisor of loan agen-, in order that the small loans busi-, as conducted by lenders, licensed by commonwealth, to do business in ssachusetts, may be set forth in its e light, with proper regard to the ts and a knowledge of the law as cted in chapter 140 of the General ws. Thus the public will not be mis- nor will the licensed agency be placed an unfair or unfavorable light, nor substantial harm be done to the best rests of needy borrowers.

Massachusetts was a pioneer state in matter of small loans legislation. As cted in 1911 and amended in 1912, 3 and 1916, this law fixes a maximum ense to the borrower of three per t per month, whether the loan is dis- nted, or interest charged on unpaid nthly balances, as was the original nt of the law. This rate, of course, be charged only by an agency li- sed by the commonwealth and for t reason, and for the guidance of ecessitous borrowers, a business so ad- tised over its license number is an ication to the general public of the per conduct of that business and the urance that the state supervisor is rcising his authority in its conduct. unlicensed lender may not lawfully rge in excess of one per cent per nth on loans of $300 and less, and rate on loans from $300 to $1,000 is erned by statute.

Professor Carver's Editorial

A recent editorial in the *Herald* by T. Carver, professor of political economy Harvard, stating that loans under $300 re being made in excess of the three cent per month rate, did not clearly icate that the circulars advertising se loans came from outside Massa- setts, presumably from those states rating under the uniform small loans , passed after the Massachusetts law been enacted, and permitting a maxi- m of 3½ per cent per month or 42 cent per year. Our law considers such loans made by persons outside of this commonwealth, to borrowers in Massachusetts, to be governed by the Massachusetts small loans law and, if made at a rate in excess of three per cent per month on balances of principal, may be declared void if brought to the attention of the Massachusetts supervisor.

While even the Massachusetts maximum rate of three per cent per month on unpaid balances of principal may seem large to the casual observer, it should be borne in mind that the maximum of 3½ per cent per month has been established in 25 states that have passed small loan laws since the Massachusetts law was enacted. Even the three per cent rate is misleading, for from this have to be paid rent, telephone, cost of books of record and account, salary of a manager, and other wages, so that these, with the expense of making the loan and the losses sustained, bring the net profit of the lender to a very much lower figure. The licensed lender is not allowed to charge anything for expenses unless legal process is resorted to.

The maximum rate of three per cent per month must include every expense of the borrower and no method of discount or interest can exceed the maximum. Furthermore, the regulations made by the state supervisor governing the licensed agencies provide that computing interest due must be on a basis of 30 days per month, equalling 360 days per year. Per diem interest cannot be charged except for the number of days intervening between the last payment preceding the date of the closing of the account, provided less than a month has elapsed. No compounding of interest is permitted. Thus any excess of three per cent per month or any such rate as 51 to 100 per cent per annum, as cited by Professor Carver in his editorial, cannot apply to Massachusetts loans, where a legal maximum is named in the statutes. Weekly reports, by the licensed lenders to the supervisor, of the details of every loan of $300 and less, made and discharged, and prescribed systems of accounting serve to regulate all transactions and make Massachusetts supervision continuing and continuous.

Penalty Drastic

The penalty for excessive charges by unlicensed lenders is drastic and the Massachusetts Industrial Lenders Association, composed of licensed offices in various parts of the commonwealth, has coöperated with the state supervisor in a strict policing and clean conduct of the business by both licensed and unlicensed lenders. Evils have been eliminated by personal attention and adjustment rather than by resorting to the penalties imposed by law upon the first infringement. Massachusetts lending has made enormous progress and has been brought to a higher level in the last decade by this coöperation between lenders and state authority.

In the opinion of many prominent bankers and attorneys, there in no private business which is more rigidly supervised than our small loans business. The amount of lending at unlawful rates that goes on here is trifling, and complaints are few in comparison to the volume of business. Information to borrowers is always willingly given. All complaints are investigated and such redress is secured to which the borrower is entitled. This is a valuable voluntary service by the commonwealth to its citizens who borrow money, and should be given wide publicity.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

HAROLD G. MOULTON, Director, Institute of Economics, Washington, D. C., says:

Mr. Ryan's book is the only comprehensive analysis that has been made of a much misunderstood subject.

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

One of the greatest faults of the licensed agencies to date has been a failure to educate the public mind in the matter of small loans and to advertise clearly, exactly and in detail, the cost of all such loans to the borrower. The extent of the business in this state is surprising. For the license year ending September 30, 1928, 133 licensed agencies, with a working capital of $17,414,140.66 made 205,386 loans of $300 and less amounting to $19,716,605.94. This is "big business," and it can readily be seen that no licensed lender can afford for his own welfare alone, to conduct affairs in other than a regular, systematic and correct manner, in full compliance with the Massachusetts law and supervision.—*Boston Herald,* 2-6-29.

WISCONSIN

MADISON, February 8, 1929.

TO THE HONORABLE MEMBERS OF THE STATE SENATE:

Pursuant to Resolution No. 9S, relating to the operation of the Uniform Small Loan Act, I have the honor to report:

First: There were at the close of December 31, 1928, 47 offices in operation. Since January 1st of this year there have been licensed two additional licensees, making at the present time a total of 49 offices.

Second: The reports to me of the several companies in this state do not always show the amount of capitalization, because they are not all corporations. Some are individuals, some copartnerships, and some corporations.

From the certified reports as at the close of business on December 31, 1928, made to me, the amount of capital and surplus invested in loans to citizens of Wisconsin amounts to $5,548,314.07 due allowance having been made in the case of companies operating offices in other states than the state of Wisconsin for capital employed in Wisconsin.

The total loans at the close of December 31, 1928, to residents of Wisconsin, amounted to $4,169,981.87.

The number of borrowers of these loans were 34,130, which makes an average of 726 borrowers per office, and the average loan to each borrower is $122.18.

The gross interest received during their operation in 1928 amounted to $866,580.22.

Their gross expenditures for all purposes amounted to $575,805.14 leaving a net income of $290,775.08, or approximately 10.8 per cent return upon invested capital.

The records do not disclose that any substantial amount has been charged off as losses, owing to the short time of operation of most of these companies. Of the 47 companies in operation at the close of 1928, seven offices had been in operation less than six months; and in eight of the offices the expenses of operation exceed the gross income of the period.

Third: Of the 47 offices in operation December 31st, 14 were *domestic,* 33 were offices of *foreign individuals, copartnerships* or *corporations.*

Foreign companies operating more than one office in Wisconsin are as follows:

Household Finance Corporation 11, Personal Finance Company 9, American Loan Company 3, Beneficial Loan Society 2, Provident Loan Society 2, Badger State Cash Credit Association 2.

Fourth: Up to this date there has been no complaint filed with this office by anyone in relation to the operation of the Uniform Small Loan Act, or any of the offices.

One objection was received to the use of the words "interest at *legal* rates," and the suggestion made that it be limited to the words "interest at *lawful* rates."

Fifth: Your honorable body has requested my recommendations in regard to the proposed repeal of the law.

Anticipating that this act would be subject to review at this session of the legislature, my department undertook to make a more extensive survey of the operations of Licensed Lenders than is contemplated in the provisions of the act. The act simply provides that the State Banking Department shall determine whether or not any licensee shall have charged more than the rate of 3½ per cent per month.

Inasmuch as the first office licensed under this act received its permit on October 1, 1927, it was deemed advisable not to begin the survey until one year had elapsed, so that the history of completed transactions could be surveyed. Since that date three examiners have been detailed to examine and study the operations of the offices, and they are required to obtain the following information:

First—Whether or not the lender has violated the provisions of the act and charged more than 3½ per cent interest.

Second—To ascertain the purpose for which the loan was made.

Third—To ascertain the occupation of the borrower.

Fourth—To ascertain the financial income of the borrower.

Fifth—To ascertain the average life of loans.

Sixth—To ascertain the cost of interest in dollars and cents.

To assemble this information and abstract it is a very large undertaking when it is considered that there were 34,000 individual borrowers, and that there was to be reviewed also all those contracts which had been completed.

This abstract is in preparation and as soon as it is completed will be transmitted to your honorable body.

My recommendation is that inasmuch as many of these companies have operated for less than one year, and that because the expense of beginning operations is higher than later expenses will be, and the net earnings on capital disclosed are not a fair criterion, that the act remain in the statutes without change until the next session of the legislature when a wider comparison of income costs and net profits can be obtained.

It occurs to me that the competition will regulate the maximum charge for interest, and that in all probability the rates charged in the next two years will decrease by reason of such competition.

Respectfully submitted,

COMMISSIONER OF BANKING.

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A. I. L. A. members and public fare organizations were sent co mentary copies of the book in Decen Others who may desire copies may c them at one dollar per copy from Secretary, G. W. Kehr, Box 778, Ha burg, Pa.

Auto Finance and the Small Loan Law

By C. W. Valencourt,
Secretary Auto Credit Co., Milwaukee

n considering the subject of Auto ance as practiced under Chapter 214, all find it necessary to make a few parisons, answer some criticisms and e suggestions for the conduct of the ness in such a way as to eliminate icism in so far as it is possible. I l not confine myself to Auto Finance rely, but shall make observations upon small loan law generally.

et us frankly acknowledge that any engaged in business is in business nake money. This is axiomatic. But naking money it is our duty to render seful service to the public—a service is equal in value to the charges le therefor. Any person who attempts get money without giving full value the money received is dishonest and t answer to a higher power than the e. Remember, then, when criticisms leveled against you, that you must the facts that you are running your ness to make money and to render a ful service to the public.

et us consider, briefly, various meth- of getting the business. The most ortant factor, of course, is advertis- This may take many different forms. will consider today the three principal ns, which I believe to be (1) Loca- (2) Newspaper advertising. (3) Cir- r advertising. A favorable location is convenient to the people of all s of the city and which affords an ortunity for a good sign display is most important consideration. Many essful merchants do no advertising tsoever except that afforded by their tion. Newspaper advertising is also ery important form of advertising. r copy should state your proposal ely and forcefully.

should never contain any false or eading statements. Due to the high s charged for newspaper advertising, subject deserves considerable study in r that your proposition may be clearly completely stated with economy of e. An attractive circular, properly ibuted, is sometimes very effective. in newspaper advertising your cir- r should be clear and forceful, but f. If your copy is too long it will hrown in the waste basket without g read.

your business is conducted in a ner beyond reproach there will fol- a large volume of business from the l will that you will establish. He its most who serves best. Every iber of your office should be trained ultivate the good will of the cus- r, to be polite, patient and to avoid ments, for "a soft answer turneth y wrath."

have been informed of a certain islator who took one of our members ask because he said this member was rtising or broadcasting his offer to money to the public. The criticism njust. Any business man who does in some form or other offer his serv- or his commodity to the public is ned to failure. One of our largest s has recently embarked upon an ex- ive advertising program offering l loans to the public. This bank is an eminently respectable institution. Are you less respectable? Is your business practice less legitimate than that of this bank? Shall we question the wisdom of the Legislature that put Chapter 214 in the Statute book? If you have a legitimate service to offer there can be no possible objection to your advertising the fact and broadcasting it in every possible way so long as your advertising is not misleading.

Having established your advertising program and assuming that the business now comes to your office, your problem is how to handle it efficiently, courteously and confidentially. The application is the first thing to be considered. The Questionnaire should be brief. It should contain no questions that are immaterial or too personal. But no matter how brief the Questionnaire may be there will be those who object to answering some of the questions. The person *taking* the application has a chance here to exercise diplomacy of a high order. The customer can be told politely, but firmly, that inasmuch as he seeks the loan of so much money from you, and since he is entirely a stranger, it is only reasonable that you require certain information for your files. Tell him further that this information will not be used in any way that might possibly embarrass him. If the customer comes well recommended you should use discretion and omit the asking of certain questions.

The first thing the customer will ask is: "What is the rate?" In answering this question you must bear in mind that the average person cannot figure interest. A rate of 3½ per cent per month stated in these words may seem high to such a person, but if this person is applying for $25.00 for one month and is told that the cost is eighty-seven cents, he will marvel that the cost is so low. This brings us to the desirability of keeping your rates in charted form at all times in order that you may quote the price cost rather than the rate per cent. Of course, if your customer insists upon being told the rate per cent, there is only one thing to do. State it frankly. Follow it up with the charted cost and your customer will usually fall in line.

There are in Milwaukee at the present time two Auto Finance houses acting under Chapter 214. These I will refer to as "Licensed Lenders." Then there are a much larger number of houses doing an Auto Loan business who have no licenses or permits from any department of the state. These will be referred to as "Independent Lenders." I wish to make a comparison of the two systems. As stated before, the independent lenders are far in the majority, both in number and volume of business controlled. That is because they have been established for a longer time and because their system, not being supervised, has more flexibility and is more profitable. The independent lender is allowed to charge 10 per cent per annum interest. He may also charge a commission of seven per cent on loans of $100.00 or less; and four per cent on loans over $100.00. This rate, if figured as contemplated by the law, is not unreasonable, but in actual practice it works out something like this: (1) The independent lender makes a fixed minimum charge. His returns on a small loan,

WHAT PRICE

will you take for

YOUR OFFICE?

A new successful company which has never before sought to purchase offices is now in the market. It is not one of the big chains.

If previous negotiations were unsatisfactory—try us. Strictest confidence observed.

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therefore, are much more profitable than that of the licensed lender. (2) He collects his interest and his commission in advance, giving the applicant a sum substantially less than the amount applied for. (3) He charges the applicant for several kinds of insurance; in some instances making a profit as high as 200 per cent on this insurance. (4) If a borrower desires to prepay the loan shortly after making same he is allowed little or no reduction. He is asked to pay practically the entire amount of the note even though he has had the money but a few days. These things actually result in the piling up of an excessive rate to be paid by the borrower.

Compare this now to the rate charged by the licensed lenders. This rate, being supervised, is always correctly figured on unpaid balances. No fees of any kind are charged, no commissions. The borrower actually receives $100.00 when he applies for this sum of money. If he keeps the money for six months, repaying in monthly installments, his cost is $12.25. If he discounts the note at the end of one month his cost is $3.50, which any reasonable person should be glad to pay.

Let us consider another case. An applicant requires a loan of $300.00 for twelve months. The cost on this basis is $68.25, which in my opinion is too much money, but another customer applies for $25.00 and repays it in one month. His cost is eighty-seven cents which is far below the cost of handling the business. I do not believe any profit can be made on any loan where the income is less than $5.00. It is possible to lend money profitably at less than 3½ per cent per month provided an adequate rate be established for small sums and short periods. This could take the form of a fixed minimum charge. Applications for small amounts are much more numerous than large applications. The overhead cost is nearly the same whether the amount is large or small.

Now you have your application and you have convinced your applicant that your rate is reasonable. If you are experienced you can size up your customer quite accurately after talking to him less than five minutes. Three things are of major importance. (1) Character. (2) Ability to pay. (3) Security. If your applicant is of good character and if his earning power is such that repayment will be easy, the question of the value of the security is of minor importance. I should say then that character and ability to pay are the two points that you should stress. When in doubt on these points, then you must look to the value of the security.

Usually in casual conversation the customer will inform you of his reason for making the loan. If the reason is insufficient it is your duty to refuse the loan. A loan made to finance the payment of a number of small bills is constructive and highly commendable. The borrower then has a certain definite amount to pay monthly at one place. By paying up his outstanding bills you do him, and the business community generally, a service. Where a customer is known to owe numerous small amounts we usually insist that the loan be used to pay them. Business on a cash basis "is a consummation devoutly to be wished"; but, alas, it can never be brought about. The next best thing is to teach your applicants thrift through budgeting expenses. If you pay proper attention to this feature and do it tactfully, you will establish your business on a permanent, profitable and secure basis.

A friend walked into my office just before Christmas, and, seeing a number of people waiting to be served, remarked: "Business must be good. Is it not?" My answer was: "I can answer you better when I have seen how collections come in." If your loan is wisely made, your collection troubles will be comparatively few. There is an element of uncertainty that will creep into the most conservative deals. A business man recently said to me: "You can give a man every consideration, you can give him all the 'breaks,' and still a certain number will beat you." It is inevitable that there should be numerous requests for extensions. Before rendering your answer the application and the loan card should be before you. If possible, you should be familiar with all the facts before you actually talk to the customer. If an extension is to be given, let it be done cheerfully and with courtesy. Even if requests for extensions from a certain customer have come too frequently you can still temper firmness with politeness.

Usually when a lender is asked how collections are he will answer that his office has practically no trouble. I do not believe this to be the fact for if it were true the 3½ per cent rate would be too high. At any rate, in the automobile loan field we do have considerable collection expenses and trouble. We find it necessary to repossess a substantial number of cars. In fact, the number is so large that, should we forego this form of collection, our losses would be considerable. An automobile depreciates very much faster than household goods and it is necessary frequently to reappraise the car before granting extensions. If it is apparent that the customer is neglecting his car, or if it seems that we must eventually take a loss, we find it expedient to demand payment or possession of the car without delay. If the customer refuses to surrender the car it is necessary then that it be obtained by an act of replevin. The mortgage must be foreclosed entirely according to statute, for under Chapter 214 you have no right to take or exercise a power of attorney or a confession of judgment. Failure to comply with the letter of the law may bring discredit upon your business or the cancellation of your license. Foreclosure can only be avoided if the borrower willingly sings a bill of sale for the goods. It is a fact that independent lenders usually do not foreclose their mortgages but they take the path of least resistance and sell the goods at private sale without notice. This method is not fair to the mortgagor.

We find that a large number of our customers come to us for repeat loans. Some of them, in fact, have developed the repeat habit. There is nothing wrong about lending money to a person as many times as he needs it, provided the necessity for the loan really exists. If you are rendering a genuine, useful service to the public, and if you are treating each customer as if he were a personal friend, your volume of repeats is bound to be large. Repeat business involves no advertising cost and is therefore the most profitable business. Work for it!

As previously stated, the Independents are in a large majority in Milwauk Chapter 214 contemplates that all lend charging more than 10 per cent per a num interest shall be licensed. The fa that the Independents are not licens indicates a presumption that they a charging 10 per cent per annum or le As a matter of fact most of them a whether they know it or not, practici usury. Why are they not compelled obey the law? The answer is: Becau no aggrieved borrower has made a su ficiently vigorous "kick." These lend are getting by with a very profitab business. They are treating the pub pretty nearly as they choose. I do n wish to be misunderstood. There are, doubt, some of these independent lend who are acting entirely within the la but many of them are not. All shou be compelled to obtain a license and ob the law.

Chapter 214 and the state Banki Department offer the borrowing pub certain important guarantees. The agi tion for the repeal of the law is u warranted. We will admit that the l could be improved, but its advantag outweigh its shortcomings. Criticism usually leveled at the rate. For the sa of argument let us admit that the r may be too high. Is this any reas why the law should be repealed and t people turned over to the mercies of "loan sharks"? If the rate is too hi let us adjust it, but let us not cancel t licensing provision of the law; rath let us compel all lenders to come in a obtain a license. The interests of t people are best safeguarded by havi money lending in all branches supervis by the State. The question for the pe ple to decide then is this: Shall t loan business be properly regulated the interests of the public under chap 214 (modified if you wish) or shall be turned over to the "interest bo leggers" and "loan sharks"?

ETHICAL COLLECTIONS

By Arthur H. Werner,
Manager, Personal Finance Co. of St. Louis

When the Model Loan Act was pas in Missouri, it was accepted by the va ous Lenders at its face value. T legislature recognized that the rate interest justified difficult collections a of course, some losses. It was genera conceded that the days of violence a irregular methods of collection were o but now it has been called to the att tion of the Industrial Lenders Exchan that several of the companies have lowed their men to collect with the of badges and guns; a most destruct and thoughtless act, I am sure.

Who should be the more persever and resourceful; the borrower wh recognized ability in most cases nets h a salary of from $20 to $40 per we or the trained manager of the loan co pany? Comparative figures would in cate that the manager should be winner.

It doesn't take a great deal of me ability to go out and threaten with badge or gun nor to make wild thre but what good will this result in? C hatred and suspicion, I am sure, and cannot afford that. We must keep o selves above this, for it is folly to pur

(Continued on page 10.)

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SERIES H—no collectors.

SERIES I—regarding partial payments.

SERIES J—promises and letters on partial payments.

SERIES K—no phone, must write.

SERIES L—conciliatory follow-ups on letters and calls.

SERIES M—preceding legal action.

SPECIAL—letters for special occasions, renewal letters and other very valuable information regarding contact with delinquents.

125 Tactful Letters to Delinquents

KEEPING the good will of delinquent customers is the purpose of this book. This is a subject never before handled in concise form. Here you will find letters to delinquents covering every phase of collections from the first request letter to a new borrower to the final letter before taking action. After a very thorough study of hundreds of letters these were chosen for their BREVITY and TACTFULNESS. These letters have proven successful—not only in the matter of collections but also in keeping a pleasant relationship with the customers.

YOU WILL SAVE

First—Your own dictating time.
Second—A stenographer's time in taking down notes.
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Fourth—The filing space and equipment required.

Memos on collection records can be marked—B-5, 11-15 or C-1, 11-15. This card is then passed on to the stenographer who turns to this Series and writes the MARSH-LETTER designated. This she can do as quickly as she would turn to her short-hand notes, write the letter—then card is returned to the file, and the task is completed. The record on back of account card shows letter written and date, therefore no carbon nor filing is required.
There being six to fifteen letters in each Series of MARSH-LETTERS will permit this plan to be used to two or three members of the same family or relationship several times without either getting a duplicate letter at any time.

MUCH OTHER VALUABLE INFORMATION REGARDING CONTACT WITH DELINQUENTS

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Please send us MARSH-LETTERS for 10 days' examination. We will then send you our check for $12.50 or return the book to you intact.

*Name of Company*_____

Address _____

_____

*My Name and Title*_____

EHICAL COLLECTIONS

(Continued from page 8.)

operating malpractices which will some day engulf us in their fury.

Every Lender who has the interests of the public and the business mutually at heart should be alive to the importance of public opinion. Only by such cultivation may the business be raised to the high standards which we all visualize. There is much talk of carrying the Industrial Loan Business to the highest plane, but if such talk is made in all sincerity, and I believe it is, then it is no myth that no lender is doing his part unless he is taking the forward step, and the forward step certainly does not embody wild and rough collection methods.

My notion of successful collecting is getting the money in without undue effort or publicity and without losing the good will of the borrower. With this definition in mind I would say that good collections are contingent on one phrase—stick-to-it-iveness, a word of such meaning that can be condensed to represent the difference between success and failure.

Take a delinquent account. We work on it using some of the various ways and means at our command in an effort to convince the borrower that he should pay promptly. But he has more intestinal fortitude than we have and keeps fighting back, combating every argument, ignoring all our explanations, failing to respond to our persuasiveness and ignoring all our demands for the immediate liquidation of his account. It is so easy to persuade ourselves that we have done everything possible to alter the conditions without success. Isn't it possible that we reached the necessary point in our efforts and then failed to get the results because we lacked the essential enthusiasm to put over the final drive? I believe it is. This is quite in agreement with the expression, "not to think things through is to fail at the beginning; not to follow them through is to fail at the end." In other words we may have done so much and done it well but at the critical moment we failed because something easier or perhaps more important, in our own minds at least, happened along to detract us.

Having arrived at the conclusion that the borrower is too resourceful to meet in a battle of wits we may decide to get rough. We may record our mortgage, file an assignment of wages or foreclose or perhaps all three. This is an invitation for the public to see how much business we have on our books and to say we are coining money when we are hardly showing a profit; for the various societies to arouse the legislature and make a big stir where there should be none. It is an invitation for the employer to become antagonistic because we are putting him to extra trouble—for him to say that we want him to collect our notes for us because we are not resourceful enough to do it ourselves, or because we do not want to spend the necessary funds. It is an excellent chance for the borrower to tell the world how mean the Loan Company was and, true or untrue, that type of story travels and travels fast.

If we foreclose, I doubt if we will have enough to cover the debt and while I do not have supporting statistics, I feel safe in saying that 75% of the

DO YOU KNOW?

Do you know that the problem of protecting the necessitous borrower from exploitation is the oldest problem in the history of economics?

Do you know that governments have been passing laws to solve this problem for thousands of years?

Do you know that the old type of usury laws became so obnoxious in France and England that they were all repealed?
Do you know that four American states, following England's Example, have no usury laws of the old type?

Do you know that 44 American states have the old type of usury law? Do you know why?

Do you know that the Uniform Small Loan Law as now in effect in various forms in 24 states, is the only type of law which has effectively got rid of the evils which have vexed legislators for thousands of years?

Do you know that the only way to get this law passed in a state is to understand why it should be passed and to get legislators also to understand?

Do you know that the Uniform Small Loan Law was framed solely for the benefit of borrowers and not for lenders?

Do you know why this must be so?

Do you know that the present situation demands that all lenders understand the economics of the small loan business?

DO YOU KNOW THAT A DANGER EXISTS THAT THE UNIFORM SMALL LOAN LAW MAY BE REPEALED IN SOME STATES BECAUSE IGNORANT AND SELFISH LENDERS HAVE VIOLATED THE SPIRIT OF THE LAW?

Do you know it is your duty to see that borrowers are protected?

DO YOU REALIZE THAT YOUR SLIGHTEST UNETHICAL ACT MAY BE USED AS AN ARGUMENT AGAINST YOUR BUSINESS BY SOME LEGISLATOR?

SEND US $2.50 TO-DAY AND WE WILL SEND YOU POSTPAID YOUR COPY OF DR. RYAN'S $100,000 BOOK "USURY AND USURY LAWS." READ THIS BOOK AND GET STRAIGHT ON THESE IMPORTANT QUESTIONS.

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AMERICAN INDUSTRIAL LENDERS ASSOCIATION

P. O. Box 778

HARRISBURG, PA.

nces left on accounts where the fur-
re has been sold find their way into
profit and loss column. We haven't
vered our money and we have created
vill—a very dangerous liability.

et us phrase these thoughts in our
ls and paint a mental picture of the
ways of collecting. The first pic-
is one of collecting by thinking
gs through and then following them
n a quiet but persistent manner. In
r words, getting your money with a
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will of the borrower.

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ctable balances resulting from them,
rse public opinion, unfavorable court
n and legislation, hatred, fear and
ust.

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one we want to remember. The
nd has no place in our circles, for it
together reasonable and logical to
ne that we all have the welfare of
business and the public mutually at
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isn't so easy to loan money out if
good will is not with us and there-
we can gain but little by collecting
ey if we lose the good will that is
ake.

am sure that if we will all adopt the
y of stick-to-it-iveness instead of try-
to bully the borrower, we will be
better off in the end and the end
st as far away as we ourselves put it.

NEFICIAL OPERATING REAU, INC., HOLDS QUARTERLY SUPERVISION AND DIT CONFERENCE AT OTEL PENNSYLVANIA NEW ORK CITY

isitors Guests at Theatre Party

e Twelfth Quarterly Supervision and
t Conference of Beneficial Operating
au, Inc., was held in the Roof Gar-
of the Hotel Pennsylvania, New
City, January 31, Ferbuary 1 and 2.
les H. Watts, President of the Op-
ng Bureau presided over the meeting.
three-day session of business discus-
was interspersed by very interesting
neon and after-dinner talks, and a
am of entertainment.

the luncheon on Thursday, January
nembers of the Conference were ad-
ed by Dr. H. C. Metcalf, director of
Bureau of Personnel Administration,
author of a number of books on
tific Management and Employe Re-
ns. Dr. Metcalf has had wide ex-
nce in the training of employment
gers for such institutions as Colum-
University, Carnegie Institute of
nicology, the Bureau of Industrial
arch, and others. His talk partic-
y stressed the need of executives to
nize creative vision in their em-
s. He stated that there is a great
sity for a new vision of objectives
rsonal relations and emphasized the
of a constructive employer-employe
de as against a defensive attitude on
art of both.

ursday evening at the banquet, Clar-
Hodson, 2d, second vice-president
ne Operating Bureau presided as toastmaster. Talks were made by Mr. Caspersen, first vice-president, and by Mr. Watts, President, respectively. Mr. Caspersen talked of the splendid financial condition of the Company and outlined a few of the good things that are in line for members of the organization. Mr. Watts gave one of his inspirational speeches, pointing out how the little things in life are merely reflections of larger views and manly characteristics. Touching on the subject of personnel he pointed out how to look for the best in a man and how to develop that best to its utmost degree. The entertainment of the evening was an amusing satirical operetta written by Dr. N. R. Neifeld, Statistical Director.

The business of the Conference was conducted as usual the following morning. Then at luncheon the meeting was addressed by Mr. E. Hayden Hull, a graduate naval architect, who has spent some fifteen years in industrial engineering and who recently conceived the plan of applying engineering methods to vocational guidance, thus creating a new basic science in matching men and jobs. Mr. Hull is the author of a number of articles along these lines and has obtained remarkable results in carrying out his principles. Mr. Hull's talk was on the subject of "Brains, Personality and the Job." He stated: "Practice is better than theory in employment—ways in which scientific principles can sometimes illuminate practical methods—the separate functions of brains and personality on the job—an engineering formula for analyzing the man by getting at his most fundamental qualities—a personality formula for analyzing the job for getting at the human factor most fundamental for success in it—the application of these factors to the interview—to the application blank—the application to training, adjustment, promotion, the executive as the integrator of all the brains and personality on the job." The discourse was all the more interesting inasmuch as its cardinal points were illustrated by lantern slides.

That evening after dinner was served, the members of the conference were guests of the company at the Hampden Theatre where they witnessed the revival of "Cyrano de Bergerac."

Saturday, February 2 was devoted to round table discussions and a number of the executives visited the Company's private mailing plant which is one of the largest in the country. Adjournment was made at one o'clock and it was the unanimous opinion that the conference was the most successful ever held by the Organization.

Those attending the three-day conference were as follows:

Charles H. Watts, chairman and president; O. W. Caspersen, first vice-president; Clarence Hodson 2d, second vice-president; R. E. Tucker, Comptroller; R. D. Shepard, general auditor; E. L. Kincaid, treasurer; H. S. Turner, secretary in charge of Liaison; David H. Finck, personnel director; Leon J. Ingram, general supervisor; Dr. N. R. Neifeld, statistician; Philip Kapinas, assistant to 1st vice-president; H. E. Denegar, advertising manager; Frederick Fischer, president of the Frederick Fischer Co., Inc.; T. L. Edholm, purchasing agent; C. B. Baldwin, assistant general supervisor; Alan K. Dolliver, assistant general supervisor; Glenn S. Knapp, assistant general supervisor; Albert G. Morhart, audit examiner; J. E. Hollman, headquarters auditor; Edmond R. Beckwith, Esq., general attorney; Jackson R. Collins, Esq., tax section; Virgil C. Moore, director of extension; M. James Stevens, senior instructor of the Institute.

The traveling staff was represented by Northern Supervisor A. G. Zimmerman and Northern Assistant Supervisors H. C. Christensen, T. M. Fitzgibbons, H. A. Morgan, F. A. Reed; Eastern Supervisor E. C. Millard, Assistant Eastern Supervisors A. D. Bennett, George W. Curry, Robert S. Kreps, H. C. Moore, J. H. Wickstrom; Southern Supervisor E. F. Moore; Southern Assistant Supervisors M. L. Dobyns, P. C. Hess, J. C. Lewis, James A. Schilling; Central Supervisor C. G. Liggett; Central Assistant Supervisors W. Clyde Bookman, C. A. Miller, A. A. Naltner, F. K. Tidd; Western Supervisor E. R. Klein; Western Assistant Supervisors Harry Russell, Jr., Leon W. Kelber; St. Louis Supervisor F. C. Hallowell; Des Moines Supervisor J. V. Cromwell; New Orleans Supervisor Martin E. Snyder; Supervisor of Auditors Fred L. Wright; Assistant Auditors Carl F. Berquist, William H. Coss, Henry Disser, Albert J. Eardensohn, James P. Fitzpatrick, Clifford W. Flotte, Edgar R. Kichline, Fostor J. Kimball, William H. Lamson, Elton O. Lightner, Guy B. Love, Harry C. Riley, John A. Schmitt, Paul W. Staples, Clarence H. Wilcoxen, Norris A. Wildman, Bruce K. Williams and Arthur E. Dejon.

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If you prefer we will consider consolidation of your office or offices, either retaining or not retaining, to as large a degree as is possible your present personnel.

All replies held absolutely confidential.

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PEORIA, ILLINOIS

PENNSYLVANIA

A quarterly regional meeting of the P. I. L. A., was held at the William Penn Hotel, Pittsburgh, Pa., on Wednesday, Feb. 13th, 1929.

The meeting was called to order by Chairman Hart at 10:30 a. m., who introduced to the members President Badger, of The American Industrial Lenders Association.

Upon motion of Mr. Millard, seconded by Mr. Hartman, the reading of the minutes and the calling of the roll was dispensed with.

Reports of Officers

Chairman Hart, reported progress on all four bills that had already been presented in the Legislature.

Treasurer

Mr. Buck read the report of Treasurer, and reported all bills paid and a remaining nominal balance in bank.

Secretaries Report

Members' dues paid to date, 172; members' dues delinquent since Jan. 1, 1929, 27; members' dues delinquent since July 1, 1928, 2. members' dues delinquent since Jan. 1, 1928, 3; Total membership, 204.

W. S. Herron, *Secretary.*

Upon motion of Mr. Thompson, seconded by Mr. Marxsen, the reports of the Treasurer and Secretary, were approved and ordered spread on the minutes.

Standing Committees

Legislative

Chairman Hart reported for Mr. Kehr, of the Legislative Committee, that progress was being made.

Membership

The Secretary read the report of Mr. Steimle, Chairman of the Membership Committee, who stated that his efforts were getting some results, and that there were twenty-two applications to be voted upon at to-day's meeting.

Chairman Hart spoke to the members on the excellent work being done on this very important committee, and commended the chairman, Mr. Steimle, and a vote of thanks was extended Mr. Steimle for his work.

Upon motion of Mr. Frye, seconded by Mr. Slaine, the reports of the Membership Committee were approved and ordered spread on the minutes.

Publicity

Mr. Loupe reported for Mr. Moore, Chairman, that they had been successful in securing a great amount of Publicity for to-day's meeting and that the photographs of Mr. Watts, Mr. Mueller, Mr. Hart and Mr. Herron were appearing in several newspapers.

Upon motion of Mr. Jardine, seconded by Mr. Barker, the report of the Publicity Committee was ordered spread on the minutes, and a vote of thanks tendered the Committee.

Vigilance

Mr. Buck reported for Mr. Herron, Chairman of the Vigilance Committee, that there had been nothing brought to his attention that required any action, and that it was assumed that conditions were avforable.

Executive

Chairman Mr. Watts reported that there had been no necessity for holding a meeting of the Executive Committee, and that nothing had been done.

Entertainment

Chairman Buck reported progress.

Unfinished Business

The only matter of unfinished business was that of placing a bond on the treasurer, and Chairman Hart stated that this matter had had his attention and the bond placed.

Upon motion of Mr. Watts, seconded by Mr. Haberfeld, the bond was ordered placed in the custody of the Secretary.

Election of New Members

The secretary read the following applications for membership:

United Small Loan Corp., Charleroi.
United Small Loan Corp., Washington.
American Industrial Credit Co., Carlisle.
American Industrial Credit Co., Tamaqua.
American Industrial Credit Co., Shamokin.
American Industrial Credit Co., Berwick.
American Industrial Credit Co., Bethlehem.
Conservative Credit System of Pennsylvania, Pittsburgh.
Sharon Finance Co., Sharon.
Home Finance Co., Bangor.
Penna. Cash Credit Corp., Chambersburg.
Penna. Cash Credit Corp., Easton.
Household Finance Corp., Phila.
State Loan Corp., Bloomsburg.
Quaker City Loan Society Inc., Phila.
Personal Finance Co., Carbondale.
Personal Finance Co., Meadville.
Personal Finance Co., Pottstown.
Personal Finance Co., Warren.
Personal Finance Co., Punxsutawney.
Personal Finance Co., Dubois.
Personal Finance Co., Sayre.

Uuon motion of Mr. Dornhoefer, seconded by Mr. Sipotz, all the above applicants were admitted to membership.

The Secretary read the resignation of the following members:

Hart Loan Society, 2714 Germantown Ave., Phila., having merged with Central Office.

Penna. Cash Credit Corp., 13 S. Lansdowne Ave., Lansdowne, having merged with Philadelphia Office.

Upon motion of Mr. Greenwald, seconded by Mr. Standring, the above resignations were accepted with regret.

The Secretary read, that there were five members who had not paid their dues for either all or half of 1928, and one being out of Philadelphia.

Mr. Millard agreed to take the matter up with the delinquent.

Mr. Buck stated that Secretary Herron urged the dropping from membership of the following members, who had paid no dues for the entire year of 1928, with no likelihood of it being paid:

Finance Corp. of Phila., Real Estate Trust Bldg., Phila.; Northeastern M and Fin. Co., 702 Shubert Bldg., Phil

Upon motion of Mr. Myers, seco by Mr. Curry, the above members dropped from membership with regr

Mr. Watts spoke to the member the passing of the mother of Mr. ron, and made a motion seconded by Badger, that a letter be written, si by Chairman Hart, expressing the pathy of the Association and offe condolence.

New Business

The Secretary read a letter from Young, Chairman of the Membe Committee of the A. I. L. A., ur all members to solicit new members the A. I. L. A., as soon as they known to be in their vicinity. Mr. ger spoke on the advantages of be ing a member of the National body, hoped that all would help Mr. Your his efforts to secure new members.

Mr. Hubbell invited the member hold their next meeting in Lancaste May 8th. Mr. Myers also invited members to come to Williamsport. Watts spoke on the hospitality he enjoyed at Lancaster, and made a m seconded by Mr. Northart that the meeting be held in Lancaster, which carried.

Mr. Millard spoke to the men about contacting new licensees and s their membership for our Associati

Mr. Hubbell, stated that he had brought to his attention in Lancaste lack of uniformity in observing holi and upon motion of Mr. Knapp, seco by Mr. MacCartney, the Secretary instructed to write to Mr. Orth o Banking Department, and secure opinion on this matter.

The Secretary read a letter from Steimle, requesting the P. I. L. adopt the Code of Ethics of the L. A., or at least that part that applicable to our State. This m was referred to the Executive Comm

The meeting adjourned at 12:1 luncheon.

At luncheon we were addresse Clark Hammond, Vice President o Keystone National Bank, Pittsburgh Past President of the Penna. Ba Association, on "Trends in Busines fecting Industrial Banking."

Mr. Hammond gave an excellent and a vote of thanks was tendered Hammond for addressing us.

The meeting reconvened at 2 p. which time W. R. Smith of the Finance Co., Pittsburgh, spoke on mobiles as collateral for small loa

A. Braun, of the Wilkinsburg Fi Co., spoke on "Courtesy in Busine

Both talks were well received a vote of thanks given Mr. Smith and Braun for their talks.

Upon motion of Mr. Ingram, seco by Mr. Pope, a rising vote of thank given the members of the Pitts Committee having charge of the me for their efforts in our behalf.

There being no further busine come before the Association, it was ularly moved and seconded that w journ, to meet at 6:30 for the ba and entertainment.

The banquet in the evening opened by Chairman Hart, who in well chosen words of welcome t members and guests, turned the

(Concluded on page 14.)

Advertising . . .

that puts Business *on your books* at low Cost

AFTER all, the only test of advertising is the results it produces. No matter how clever and attractive it may seem to *you*, it's how convincing and action producing it is to your prospective customers—how much it costs you per loan—that counts.

The man who is up against it and needs money is not interested in clever writing or in pretty pictures.

McCullough loan advertising is planned and written from the borrower's side of the desk. It talks his language. That is why it has produced such unusual results for many of the leading companies.

We offer you a *complete* and thoroughly practical advertising service, including circulars, a year's newspaper campaign of both classified and display ads, special letters, etc.

Samples of recent circulars and of our newspaper ads will be sent on request. To enable us to quote you prices on circulars, please indicate the quantity in which you are interested.

Purchase the McCullough Newspaper Advertising Service, which consists of sixty-four illustrated newspaper advertisements. Eliminate the worry and trouble of preparing your newspaper advertising. Send now for samples of this excellent service. Price is only $30.00.

Sales Agents and Distributors for Meilicke Calculators and Time Finders

We will be glad to send a Meilicke Calculator to you for thirty days' free trial. You will find that the employment of these calculating machines will eliminate the mistakes you are making in figuring interest and will save lots of time for you at the collection window.

A Complete Advertising Service for the Industrial Lender . . .

McCULLOUGH PRINTING COMPANY

Indianapolis, Indiana

PENNSYLVANIA

(Concluded from page 12.)

mastership over to C. H. Watts, who then presided.

Mr. Watts, introduced to the members and guests M. A. Kendall, Vice President of the Farmers Deposit National Bank, Pittsburgh, who spoke on "Why is a Millionaire?" and C. C. C. Stotler, Secretary and Treasurer of the Title Guaranty Co. of Pittsburgh, who spoke on "My Domestic Troubles."

These addresses were both humorous and instructive, and were thoroughly enjoyed by everyone present, and at their conclusion, Mr. Watts thanked them on behalf of the Association.

Music was furnished by the William Penn Hotel Orchestra, and talent by the Greater Pittsburgh Male Quartette, after which dancing brought the affair to a close.

W. F. Buck,
Acting Secretary.

TENNESSEE

The regular quarterly meeting of the Tennessee Industrial Lenders Association was called to order by Chairman John Richards at 10:30 a.m., Thursday, December 6, 1928, at the Farragut Hotel in Knoxville.

The following members responded to the roll call:

Lincoln Loan Company, Chattanooga.
Personal Finance Company, Chattanooga.
Personal Finance Company, Johnson City.
Beneficial Loan Society, Jackson.
Family Loan Society, Inc., Knoxville.
Richards Loan Company, Knoxville.
Personal Finance Company, Knoxville.
Lincoln Loan Company, Memphis.
Lincoln Loan Company, Nashville.
Personal Finance Company, Nashville.

The Treasurer's report was read and accepted.

It was moved by Mr. Liggett and seconded by Mr. Snyder that a committee be appointed to audit the treasurer's report in preparation of turning the office over to a newly elected treasurer. The chair appointed to this committee Mr. Hodge, Mr. Humphrey and Mr. Drew.

Mr. Ridenour read a letter from Attorney General Roberts in regard to taxes to be paid by licensees in the State of Tennessee purporting that an amount of $50 in addition to what licensees are already paying the County Court Clerk are due and payable to that office for the use of the State Banking department. After genearl discussion it was motioned by Mr. Liggett and seconded by Mr. William Richards to send a copy of Attorney General Roberts' letter to all members of the State Association.

Upon motion by Mr. Snyder, seconded by Mr. William Richards, the Personal Finance Company's office at Kingsport, Tennessee, and Beneficial Loan Society's office at Jackson, Tennessee, were accepted to membership in the Tennessee Industrial Lenders Association.

Luncheon

A very delightful luncheon was served to the members present and short talks were given by Mr. Liggett and Attorney Childs. Mr. Holland of the Knoxville Chamber of Commerce had been scheduled to attend the luncheon, but unforeseen circumstances made it possible for him to attend only long enough to express the welcome and regrets that he could not remain.

Afternoon Session

The business session was resumed immediately after luncheon.

The chair appointed Mr. Ridenour, Mr. Hodge, and Mr. Humphrey as the nominating committee for offices for the coming year. This committee returned with the following ticket.

Chairman—William Richards.
Secretary—Perry A. Hodge.
Treasurer— R. S. Manford.

Upon motion by Mr. Liggett, seconded by Mrs. Mosby, the ticket was accepted.

Mr. Liggett expressed the thanks of the association for the retiring chairman's activity and helpfulness during his term of office, which was verified by a rising vote of thanks. The chair was turned over to the new chairman, Mr. William Richards, who made a very appropriate speech of acceptance. The new secretary took over his new position from the retiring acting secretary, Mr. C. R. Gage, and expressed his appreciation of the opportunity to serve the association in this capacity.

The auditing committee read a very favorable report concerning the records of the retiring treasurer and due to the absence of the new treasurer, Mr. R. S. Manford, Mr. Hodge was delegated to inform him of his new position and turn over the reports and monies to him.

The new chairman appointed the following committees:

Executive Chairman — Mr. Snyder; Mr. Jones, Johnson City; Mr. Bedwell, Memphis.

Vigilance Chairman — Mrs. Mosby; Mr. Manford, Nashville; Mr. Richards, Knoxville; Mr. Humphrey, Chattanooga; Mr. Frank, Memphis; Mr. Arnold, Jackson; Mr. Jones, Johnson City.

Membership Chairman—Mr. Franck; Mr. Humphrey, Chattanooga; Mr. Jones, Johnson City; Mr. Gage, Knoxville; Mr. Hodge, Nashville; Mr. John Richards, Knoxville.

Entertainment Chairman—Mr. Hodge; Mr. Manford, Nashville; Mr. Bedwell, Memphis; Mr. Drew, Knoxville; Mr. Humphrey, Chattanooga.

Legislative Chairman—Mr. William Richards; Mr. Snyder; Mr. Franck, Memphis; Mr. Brightwell, Knoxville; Mr. Liggett.

The chair opened a general discussion in regard to incentive for new members, which discussion touched strongly upon the topics of legislation and coöperation among licensees.

The question box served to bring about general discussion concerning a number of topics of interest.

It was moved by Mr. Liggett and seconded by Mr. Drew that the secretary pass information concerning legislative matters in Nashville to the members of the association.

Mr. W. G. Brightwell of Knoxville, was accepted to membership as was Mrs. Ruby Mosby of the East Tennessee Loan Company of Knoxville.

After announcing that the next quarterly meeting will be held in Nashville at the Andrew Jackson Hotel on Thursday, March 6, 1929, the chair called for motion to adjourn, which motion was duly made by Mr. Franck, seconded by Mr. Humphrey.

P. A. Hodge, *Secretary.*
John Richards, *Chairman.*

SMALL LOAN BIBLIOGRAPH

The Facts About the Small Loan Bus ness, and the Scientific Rate of Fa Charges, by Reginald Heber Smith. 1(per copy.

The Trend and Progress of the Mov ment to Improve Small Loan Condition by Arthur H. Ham. Booklet form, 5 per copy; de luxe edition, 10c per cop

The Philosophy of the Uniform Sma Loan Law, by Walter S. Hilborn. 1(per copy.

The Need of Adequate Small Loa Legislation, by Walter S. Hilborn. 1(per copy.

The Small Loan Act, by Walter Hilborn. 10c per copy.

Weathering Rainy Days, by Le Henderson and Rolf Nugent. 10c p copy.

Year Book, National Convention Pr ceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a yea 10c per copy.

Ways to Locate a Skip. 10c per cop

General Form, Uniform Law. 5c p copy.

Putting the Heart Into the Chattel, Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industri Loan Business, by Hon. A. R. Robinso 5c per copy.

Illinois Supreme Court Decision. per copy.

Pennsylvania Supreme Court Decisio 5c per copy.

Ohio Supreme Court Decision. 5c p copy.

Map Showing states having anti-lo shark legislation. 5c per copy.

The Future of the Small Loan Bus ness, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by D F. W. Ryan. 5c per copy.

The Significance of the British Mon Lenders Act of 1927, by Dr. F. W. Rya 10c per copy.

Some Prominent Men on the Necessi for Industrial Banking. 10c per copy.

Making Credit Available for All. 1 per copy.

Legal Survey, compiled by Indiana L. A. $3.00 per copy.

Roster of Licensees, compiled by I diana I. L. A. $1.00 per copy.

Opinions of Importance, compiled Paul V. Hough. Price $2.00 per cop

Usury and Usury Laws, by Dr. F. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Bu ness, by Senator John Dailey, Peoria,

Progress, With Reference to the I dustrial Loan Business, by P. B. Reev Pittsburgh, Pa.

Modern Scientific Efficiency and Business of Industrial Banking, by Ch G. Mueller, Philadelphia, Pa.

Building Your Business on Good W G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Muell Philadelphia, Pa.

The Industrial Loan Companies' P in the Readjustment, by W. G. Steve Detroit, Mich.

The Advantages of Membership State and National Industrial Lend Associations, by E. F. Moore, Philad phia, Pa.

Industrial Lending as a Commun Asset suitable for a lecture before pu welfare organizations. Ten cents copy.

How to Organize a Lenders Exchange ıreau.
Loan Shark Is Now Vanishing, by izabeth G. Stern.
The Uniform Small Loan Law and Its ɔeration in Virginia, by Oscar L. Shew-ıke, Esq.
What's Become of the Loan Shark? Leon Henderson.
Report of the Interim Committee of Minnesota House of Representatives Small Loan Legislation. Ten cents r copy.

Please remit cash money order or eck for any of the above articles de-ed, to the American Industrial Lenders' sociation, Box 778, Harrisburg, Pa.

LEGISLATION

In considering whether licensed small ın companies meet a real need, whether rate allowed is necessary or ultra-rdensome, it might be well to consider ıditions in states which do not have ɡulatory statutes such as the Uniform ıall Loan Law.
There is reproduced below three news-ɔer articles taken from newspapers in dely separated states—Kentucky South rolina and Minnesota. Conditions in-ated in these articles are typical of arly every state in which necessary ns to wage earners are left almost irely to loan sharks. Testimony as loan shark conditions in Arkansas and xas is furnished herewith by excerpts ɔm the Arkansas Commissioner of bor's report and by a report of the xas Legislative Interim Commission port.
The following appeared in the Febru-13th edition of the News-Democrat Paducah, Kentucky:

Drive Out the Loan Sharks

'Since first man began to set down in rds the portraits and opinions of his low man, the usurer has appeared as most despicable of humankind. In ylock, who was a cruel libel on the wish character, Shakespeare has never-less given us an unforgettable picture the money lender who demands his und of flesh.'
'Such persons are known in this day 'Loan Sharks.' These modern sharks just as vicious, just as merciless, in ying upon those who fall into their tches as the oldfashioned usurer of rature.
'That this is true was revealed in re-ting detail at the conference on the an Shark evil in Paducah held yester-at the Board of Trade offices. ducah, it appears, is literally overrun these harpies, who are resorting to umerable devices to rob those who are fortunate enough to borrow from m. It was reported that from twenty twenty-four loan agencies are operat-here, most of them making huge ofits on small investments by charging tortionate rates of interest. So wide-read have their operations become that e large employer of labor, the Illinois ntral railroad company, has had ap-oximately 500 garnishments of its em-oyees in less than twelve months, ulting in a large increase of local or turnover and alarming demoraliza-n of its men. Men bedevilled by loan arks have been unable to maintain ir efficiency and in many cases have it their jobs and left the city to escape further extortions or the shame of being garnisheed.
"Other employers of labor report similar experiences of demoralization, loss of efficiency and labor turnover among their workers because of the houndings of loan sharks. Some of the tales of extortion were almost unbelievable had they not come from men of unquestioned probity. There was one instance of a fireman working at a local industrial plant who fainted at his post and it was discovered that he was weak from starvation, being unable to buy sufficient food to sustain himself at his work, because all the money he earned was going to pay the usurous interest on loans he had got from these sharks. Many cases were reported where borrowers had paid in interest a dozen times the sum of the principal borrowed and yet were in debt for the principal. There were cases of borrowers who had paid interest in sums of a dollar a month and more on small loans over a period of years.
"The loan shark's prey is generally the small wage earner, who due to death or illness in his family must have money. He is totally ignorant of banking methods, often cannot read nor write, is fearful of getting into the toils of the law, is without 'pull' or influence, and hence is easily intimidated. Once having made a loan the interest charges are so great that he cannot meet them and pay off the principal of the loan. He goes on paying indefinitely, fearful that if his employer learns of his predicament he will be discharged. Or, as a matter of fact, the loan shark, if the borrower is ignorant enough to stand for it, will often refuse to permit him to pay back the principal, preferring to keep him at the task of paying interest. Another typical demonstration of the utter meanness of the sharks' methods is the fact that they make a practice of charging a higher rate of interest to negro than to white borrowers, taking advantage of the fact that the negro is as a rule more gullible and less likely to resist extortion than the white man."
The following appeared in the February 9th edition of the Columbus (S. C.) State:

Small Loans Bill Making Appreciable Progress

"Those concerned to see South Carolina align itself with 26 other states in adopting the model small loans bill are of course disappointed that it failed of passing the house. But the State regards the fact that the measure lacked but 10 votes of passing as a sign of progress.
"Manifestly all that is needed is to maintain the campaign of information. Not the 'loan shark' lobby defeated the bill at the present session, but the incomplete understanding among members of non-industrial counties, or counties containing no cities, of the abuses the bill is designated to abate and the practical necessities of the situation.
"Misgivings in respect of the measure that representatives from agricultural counties expressed were patently bona fide. Most public men from urban, industrial communities know, more or less, the grim facts of the case. Friends of the bill, then, have the task before them of explaining to members from the agricultural regions before the next legislative session opens, the special circumstances in which the small loans business in the cities is conducted. Once the actual conditions are made clear to them, they will, as reasonable men, no longer balk at sanctioning the maximum interest rate the bill allows.
"Probably few members from agricultural counties are aware to what extent commercial banks in the cities have in recent years curtailed the making of small accomodation loans. City banks increasingly avoid such business. That means that increasingly the necessitous borrower, with quite legitimate need, is constrained to resort in his extremity to the small loan broker. Experience has amply shown, and the evidence is readily furnished, that certain of these brokers, in the absence of restraining law, will assuredly 'grind the faces of the poor,' to a degree that is intolerable, almost indeed unbelievable. To deny to this peculiarly hazardous yet altogether necessary business a return that seems at first glance very high is only to bar from engaging in it men of substance and probity. On the other hand, not to fix an upper limit to the rate of return is to leave the situation as to-day it is, with the sky as the limit. The question is not whether these brokers, under strict regulation, shall be permitted to collect at most 42 per cent a year, but whether certain of them shall be suffered to continue collecting at rates up to 250 per cent a year.
"Having not once failed of receiving a favorable committee report, having

LOAN OFFICES WANTED

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passed readily the senate last year and having lacked but 10 votes of passing the house this year, the model small loans bill may be considered fairly well upon its way to becoming a statute in South Carolina."

The St. Paul (Minn.) *Dispatch* of February 11th contains the following article:

"Anti-Loan Shark Backers to Meet

"Committee to Discuss Plans for Small Loans Bill in Legislature

"Members of the Volunteer Anti-Loan Shark Committee were to meet at the Wilder building at 4:30 p. m., to-day to consider means of promoting the small loans bill in the legislature and to take up several cases involving exorbitant interest rates which have come to the attention of the legal aid department of the United Charities. A. B. Christofferson is chairman of the committee.

"High Rate Cases Cited

"Several cases which have come to the attention of the committee through the legal aid department of the United Charities recently," C. Whit Pfeiffer, executive secretary of the Community Chest, said to-day, "point clearly to the need for small loans available at a fair rate of interest.

"For instance, there is the case of a family which borrowed $25 from one of the lending companies, and after two payments of $10 and $6 had been made, the man of the house was garnished twice for $15 each time, making a total payment of $46, and the company contended there was still $27 due. As a result of the garnishment proceedings the man also lost his job.

"Twenty Dollars Paid for Fifteen

"Another man was in to see me a few days ago and told me he had borrowed $15 for one month, and at the end of that time was required to pay back $20, or interest of $5 for the month.

"These exhorbitant fees are made possible by elaborate methods of manipulating interest calculations. The small loans bill before the legislature provides for an interest rate of 3½ per cent a month, and while that might seem like a high legal rate, it is moderate when compared with the amounts now collected by subterfuge by outlaw lending companies."

Texas

At its 1927 session, the Texas Legislature appointed an Interim Legislative Small Loan Committee which has just recommended the Uniform Small Loan Law as a solution to the loan shark problem of the State. The following is Section 1 of the "Findings" of the committee:

Findings

1. That at the very outset the burden of the duty of our committee was lightened considerably by reason of the fact that there was no lack of evidence under oath from numerous willing witnesses to show that unnecessary suffering, resulting from extortionate rates, does exist in our State in the business of making small loans to needy borrowers without bank credit, but space forbids showing but a few concrete instances illustrating the unconscionable charges collected as follows:

(a) Purl Surgi—Employed at the S. P. R. R. Shops. Has family of five. Receives salary of about $150.00 per month. Borrowed $30.00 on his assignment of wages as security from a loan company in 1925 and paid interest for three years at $3.00 per month upon same. (P. R. 41.)

(b) M. M. Solomon—Switchman of the S. P. R. R. Has wife and one child. Regular work makes about $175.00 per month. Borrowed all together $140.00 on the assignment of his wages on account of the sickness of his wife in 1925 from three different loan sharks and paid interest at the rate of $34.00 per month on same for nearly three years and still owes a principal. (P. R. 49.)

(c) O. H. Leach—Has wife and one child. Works at S. P. R. R. Shops. Makes about $100.00 per month. Borrowed from the loan sharks total of $130.00 on account of sickness in the family and for two years paid interest at the rate of $39.00 per month on same. Still owes a principal. (P. R. 56.)

(d) V. E. Hinton—Switchman, S. P. R. R. When on extra made $5.84 a day. Has family of four. Borrowed $90.00 from loan sharks in city of Houston, paid interest at $20.00 per month. Still owes principal. (P. R. 65.)

(e) Henry Bolden (Colored) — Has family of three. Works at S. P. R. R. Shops. April, 1923, borrowed $21.00 from an Investment Company. Paid $6.00 interest per month on same. In all has paid $197.00 interest and still owes $21.00 principal. (P. R. 79.)

(f) S. A. Smith—Switchman for the S. P. R. R. Co. Has family of five. On account of sickness borrowed in 1918, $25.00 from a loan company on his assignment of wages. Paid $5.00 per month interest on same for about four years. Total amount interest paid was $260.00. Failed to pay more and was discharged and still owes principal. (P. R. 87.)

(g) Charles Appu (Filippino)—Works for S. P. R. R. Shops. Has wife and one child. Makes from $120.00 to $130.00 per month. Borrowed $20.00 on his assignment of wages from a loan company. For two years paid $100.00 interest and still owes $79.00. (P. R. 99.)

(h) Jim Bowen (Colored)—Works S. P. Shops. Makes about $100.00 per month. Borrowed on assignment of wages, $10.00 from a finance company. Paid $3.00 per month for six months. Total $18.00, and yet owes $22.00 on same.

Arkansas

Under the heading of "Loan Sharks" Commissioner W. A. Rooksbery, of the Arkansas Bureau of Labor and Statistics, recited in his 1928 annual report that frequent complaints against loan sharks caused him to employ a special attorney to investigate conditions. The following is taken from a report of the investigation made by Attorney E. I. McKinley, Jr.:

"Some very startling revelations in the way of interest charges were brought out during the investigation. In several cases the interest paid amounted to 600 per cent a year. There were more than sixty individuals who reported to my office during the period of the investigations. These men, all of whom were wage-earners, had secured loans from the various 'loan sharks' in amounts ranging from $5.00 to $25.00.

"The most pitiful example, and one which furnishes a vivid picture of the nefarious practices of the 'loan sha was presented in the case of an laborer, who had been employed for past fifteen years by a lumber com here. About four years ago this was forced to care for a sick bro The brother died, leaving no insura and this man was faced with the pr sition of paying his funeral expenses. do this, he found he needed to bor money. After getting all that he c from his friends, he found it neces to apply to two of the 'loan sharks.' borrowed $10.00 from each of these panies, and from the time of securing loans his affairs became more and involved. About a year later he was in debt to both loan companies, and behind in his finances. He figured he needed another loan, and visited a 'loan shark,' securing $14.00.

"He now was forced to pay on t loans, and found that his condition becoming still worse. He later tu to a fourth 'loan shark,' and from operator secured $10.00. He was t oughly enmeshed in the web, and it all that he could do to keep up his ments on the four loans. Little was from his weekly wages to pay house buy groceries or to purchase any o necessities of life, and his wife was fo to go to work in order to help pr an existence.

"He struggled on, however, in an e to pay off these loans, believing sooner or later he would get in the and 'cowed' by threats of the sharks,' he was afraid to stop makin payments, when he was conscious he had more than paid for his loans.

"Below is a table listing the am this man paid on his loans:

	Amount of Loan	*Time*	*Payment per Week*	*A*
From "A"	$10.00	3 years	$2.70	$
Form "B"	10.00	3 years	2.90	
From "C"	14.00	2 years	2.80	
From "D"	10.00	1½ years	3.80	
Total	$44.00	9½ years	$13.20	$1,

"This man's case was so appalling I made every effort to determine its t fulness. A thorough investigation vinced me that the facts were practi true as given to me by him. I had search for receipts and he was ab find a number of receipts from tw the companies, and these receipts, a showed that he paid two of the comp a total of $362.25."

OBITUARY

Fred M. Jackson, who resided at 22 Mountain View Terrace, Maple N. J., died very suddenly Sunday eve Feb. 17th, at Statler Hotel, Boston, M while enroute on business—to Port Maine. He was 55 years of age.

The deceased was well-known in f cial circles having been the organiz the Lancaster Loan Company, Lanc Pa. in 1908. The Company was inc rated in 1915. Mr. Jackson was Pres at the time of his death. In 192 organized the Lancaster Finance pany.

Mr. Jackson was also promote the Monroe Loan Society, of Ne N. J.

He is survived by his wife, Ire Jackson, to whom we extend our pathy.

A Meilicke Calculator in any loan office is an indication of fairness and efficiency

The Combination Time and Interest Calculator

No task should be done in one way that can be more economically done in another

Can you rely on others to figure time and interest ACCURATELY?

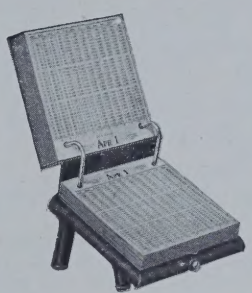
Are the operatives in your office the kind you feel must be *checked up* for fear they will make mistakes in figuring time or interest on loans?

If such be the case, you are handicapped. It's not your cashier's or anyone else's fault; it's *yours!*

For errors creep into *mental* labor more readily than physical. And it's natural for a loan office principal to feel that, if he first verifies the interest or elapsed time on a loan, his organization is just so much more efficient.

But that's a mistaken feeling! To prove it, step into almost *any* successful loan office. You'll *never* see a principal "checking up" on cashiers! The entire process of business will be running like a well-oiled machine. Mistakes and delays are unknown; speed and accuracy here are watchwords.

For each cashier will be depending on Meilicke Time and Interest Calculators for answers, rather than himself!



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est on, during the course of their work.

There is nothing mechanical to them; no levers to pull or buttons to push. No guesswork in their operation; it's simply a matter of opening the Calculator to the number of days in the duration of a loan, and finding a table of *all answers* at *your rate of interest,* on the principle.

Or by referring to the Meilicke Time Finder and determining *at a glance* how many days elapse between any two dates in the year.

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A. F. OF L. HEAD ENDORSES SAGE UNIFORM SMALL LOAN BILL

AMERICAN FEDERATION OF LABOR

Executive Council
President, William Green
Secretary, Frank Morrison
Treasurer, Martin F. Ryan

A. F. of L. Building,
Washington, D. C.,
February 1, 1929.

MESSRS. MARVEL, LAYTON & NORFORD,
Attorneys-at-Law,
Rooms 3165-74 Du Pont Building,
Wilmington, Delaware.

Gentlemen:

Your letter of January 30, in which you enclose copy of a bill to license and regulate the business of making small loans and requesting my approval, received.

I wish to repeat my telegram of June 9, 1928, to Mr. Charles W. Swallow, President of the House of Representatives, Baton Rouge, Louisiana, as follows:

"Replying to your telegram labor gives its hearty support to anti-loan shark legislation and would urge your legislature to enact a measure of this kind into law. Where it is impossible to secure a more advanced, progressive measure labor gives its support to the Russell Sage Foundation anti-loan shark measure."

There is no greater evil facing those who are in need of funds in critical periods of their lives than to be forced to borrow from a loan shark. Where there are no laws governing small loans advantage is taken of the borrowers by charging them unjust interest and so manipulating their debts that it might require years to get out of the power of the loan sharks. When you realize that in New York City alone during the year 1928, $541,000,000 was lent to 1,990,000 small borrowers you will readily see the necessity for legislation to protect the latter.

I hope the labor organizations of Delaware will give every assistance in the passage of this remedial measure.

Yours truly,
(Signed) WILLIAM GREEN,
President,
American Federation of Labor.

LEGISLATION

Arizona—After his 1% bill was killed, Representative Francis introduced a 2% bill which was also killed.

Arkansas—After successfully passing both houses of the Legislature again, the experience of 1927 was repeated when the Governor vetoed the bill. The Senate has already passed the bill over the veto and the bill will be re-submitted to the House.

Representative Gray who vigorously opposed passage of the Uniform Small Loan Law has introduced S. B. No. 328 which would make usury a misdemeanor. It would also make it the duty of prosecuting attorneys to prosecute violations subject to a fine of from $100 to $1,000 and removal from office. The prosecutors under the act would be allowed $25 for all convictions obtained.

Connecticut—A bill has been introduced requiring new licensees to have a minimum of $25,000 capital. It is S. B. No. 368.

Delaware—A hearing on the Small Loan Law is expected to take place this week. Considerable opposition to the bill is being developed; chiefly fomented by the editor of the Newark, Delaware, Ledger.

District of Columbia—Because of lack of time, the Small Loan bill was dropped although it had been favorably reported by the House committee. Former governor and now U. S. Senator Blaine of Wisconsin has introduced a bill to amend the usury law of the District. Particulars unknown. Blaine will be remembered as the governor who vetoed the Small Loan Law twice.

Kansas—The Small Loan bill was favorably reported by the House committee and it is expected that it will be favorably reported by the Senate committee. Rolf Nugent spent a week in Kansas doing work both on the Small Loan bill and the credit union bill.

Maine—H. B. No. 137 by Rogers would require small loan agencies to publish their rates in advertisements.

There will be a hearing this week on the rate-reduction bill.

S. B. No. 440 by Crockett would make the granting of small loan licenses discretionary.

Minnesota—The House committee has reported the Small Loan bill favorably and it seems likely to pass. The big fight each legislative session has been in the Senate.

Missouri—Senator Brogan by S. B. No. 593 opposes Section 16 for the Missouri law.

Other bills too numerous to mention have been introduced. So far no damage has been done.

New York—Newspaper reports yesterday indicate that the amendments to bring the Personal Loan Law into conformity with the Uniform Law will be introduced today.

Last week bills were introduced to give credit unions more power and also to legalize personal loan departments of banks.

H. B. No. 801 by Cuvillier would create a state commission to investigate small loans in the state with a report next year.

Oklahoma—It is quite possible that a bill modeled on that introduced in Arkansas this year will be presented to the Oklahoma Legislature.

Pennsylvania—The Pennsylvania Legislature was recently circularized anonymously with the "boiler plate" attacking the Uniform Law. It is believed that the material was prepared by a certain loan shark with headquarters in Kentucky.

South Carolina—Nothing has been heard of the Small Loan Law since its reintroduction as S. B. No. 445 after defeat in the House.

Texas—The Senate committee reported the small loan bill favorably. Major Boyd appeared for the bill and in addition to giving a fine explanation was able to interest a number of organizations in supporting the bill.

Vermont—The Uniform Law has been introduced in Vermont.

Washington—The Small Loan bill passed the Senate last week and ought to be acted upon in the House before March 12th.

TO TAX LOAN SHARKS

Ashland, Kentucky, is proposing an ordinance to tax loan companies $250.

$20,000 SUIT AGAINST SALARY-BUYERS

Twenty thousand dollars as dam for alleged libel and alleged malic abuse of legal process, and $150.90 p cipal and $14.50 interest alleged to been collected on loans, are sought bill of complaint filed Thursday, ruary 21st, in Fulton Superior C by Karl Wilk of the railway mail ser The suit names as defendants J. H. nett, A. R. King, The American Fin Company, R. R. Jackson, J. D. Le D. K. Johnston, and C H. Livsey, charges the organization of a conspi between the defendants to violate 1920 small loan act.

The plaintiff alleges that the cons acy included a provision that Bennett King were to loan money and co payments and interest charges, ta salary assignments as security, and the assignments were to be drawn such form that the borrower would realize that it appeared on the face a absolute sale and assignment of wa and not as security, but to pass titl the lenders.

The petition was filed by Orin Bundy as attorney.

ST. LOUIS BETTER BUSINE BUREAU

A bulletin issued by the St. Louis ter Business Bureau under date of ruary 11, entitled, "The Bureau's C paign Against Illegal Money Lending the best compilation of information ing the current legislative season. bulletin carries a "box" on the first p as follows:

REGARDING THE MISSOURI SMALL L ACT

In its campaign against illegal mo lending, the Better Business Bureau St. Louis has found that the *Miss Small Loan Act* has provided the gr est alleviative yet found to the vict of illegal money lenders and constit the best deterrent to illegal money le ing devised thus far.

The Bureau's advertisement in the *Louis Globe Democrat* of February recited an instance of $3,500 inte being paid to salary-buyers in St. L by one victim during the past seven ye for a loan of $300.

POSTAL CREDIT UNIONS

Louis Brehm, Director of Service lations in the office of the Postma General, advises the Department of medial Loans of the following resp ing postal credit unions: Date, Dec ber 31, 1928; number, 190; sharehold 25,397; assets, $1,770,952.00; total nu ber loans, 57,055; total amount loa $6,329,736.00.

MORRIS PLAN 100% STOCK DIVIDEND

The February 3d issue of the *Tol Times* reports a prospective 100% d dend for the local Morris Plan Compa

PUBLICITY

In an article entitled, "Midget Inv ment Trusts," February American Ba ers Association Journal, John H. Li discusses small loan companies.

MORRIS BANKS' CHAIN

rm $13,000,000 Institution Covering Wide Area of Operations

New York, March 5 (A. P.).—Or-ization of a national chain of indus-al banks, which will include the 107 rris plan banks, was announced to-day. company to be known as Industrial ncshares Corporation, will exchange junior shares for stock of Industrial ance Corporation, parent of the Mor- plan company.

The program calls for $13,000,000 in v financing, which is expected to take form of first preferred and common ck.

The banks will engage in discounting eptances of dealers in and purchasers articles of necessity and convenience, rtgage and small loans, insurance iness and sale of investment securi-s.

NTEREST ON SMALL LOANS

Our correspondent, whose letter on the ject of license taxes on small loan mpanies is printed on this page to-day, ngs up the old quesion which has sed so much discussion in Virginia l in other states in which the Uniform all Loan Act is in effect. Our corre-ndent evidently regards the existence small loan companies which are per-tted to charge interest at the rate of % per month or 42% per year as an nixed evil; he speaks of the act under ich these companies operate as "the st iniquitous law on our statute oks," and refers to those who deal h these companies as "victims."

f money-lending agencies can engage business profitably at a lower rate n that authorized, the statute should changed so as to provide for a lower e as the authorized maximum rate. seems to be the consensus of opinion oughout the United States, however, t the rate commonly set up in the iform Small Loan Act is a proper e when all the circumstances, includ-lack of security and percentage of n loss are taken into account. Let us pose, merely for the sake of the argu-nt, that small loan companies could duct a profitable business at, say, 3% month or 36% per year. Would not correspondent think that a law per-ting such a rate would also be iniqui-s? Would he not think a law author-g 24% was also iniquitous? If he ls about small companies as most of se who complain about them seem to l, he probably holds that no money-ding agency should be permitted to ct more than 6%, which, at least in ery, is the maximum rate charged by at is called the commercial bank.

Then, it is assumed, he would put the all loan companies entirely out of iness. What would be the result? by, those who now constitute what our respondent calls "victims" would not able to borrow money at all from any alized money-lending agency. No tter what emergency—illness, tempo-y inability to earn a wage, an essen- operation, a hurried journey to a th bed—these "victims," holding no ikable security, would be without any ans of obtaining temporary financial ef from any lawful institution. They uld be forced either to go without the ney they might otherwise borrow on unbankable security, or they would be at the mercy of bootleggers of money—persons who lend, contrary to the law, at 200% and 300% and even higher.

Some day, it is hoped, loans will be available to persons of no means or without any form of security at a rate which will not arouse such indignation as that felt by our correspondent. Until that day comes, however, it would be well to make haste slowly in the effort to put all small loan companies out of business. That is to say, it would be well to make haste slowly unless our correspondent and those who think as he does hold that paternalism should make it impossible for persons of no means and without security to borrow in any circumstances.—*Norfolk, Va., Ledger-Dispatch, 1-15-29.*

DENIES MORRIS CHAIN

President Asserts Each Bank Is Locally Controlled and Supervised

St. Louis, March 6 (A. P.).—Robert O. Bonnell, president of the Morris Plan Bankers' Association, denied in a statement here to-day that 107 Morris plan banks would be included in a new national chain of industrial banks, organization of which was announced yesterday in New York.

Bonnell said the association is in close touch with its membership, which included 90 per cent of all Morris plan banks. His statement in part follows: "There is no basis for the statement issued from New York yesterday to the effect that the 107 Morris plan banks will be included in a new national chain of industrial banks.

"More than 76 per cent of all Morris plan banks are locally owned, controlled and directed.

"They are not subject to any supervision except by the Banking Department of their respective States as prescribed by laws under which they operate. Obviously there is no parent company.

"These banks cannot become a part of any chain system without action by their respective boards of directors and stockholders. Such action has not been taken."

IT IS UNANIMOUS!

In commenting on the present Missouri Small Loan Act and suggested amendments to strengthen act, editorial comment has appeared as follows:

".....the amendment..... to bring salary loans under its provision should be adopted."—*St. Louis Globe-Democrat, 2-21-29.*

"Missourians do not want to return to the old loan shark salary buying days when the small borrower was forced to pay 240 per cent a year.....Add the anti-wage buying section to the 1927 Act."—*St. Louis Star, 2-15-29.*

"The Law lacks.....section 16, designed to control the business of so-called 'salary buyers'.....An amendment to insert this section in the Law, is now pending in the house. The amendment should be adopted."—*St. Louis Post-Dispatch, 2-20-29.*

"Instead of destroying the whole borrowing and lending structure which has been raised with so much difficulty over so many years, it would be better to repair or improve the fabric already erected."—*St. Louis Times, 2-20-29.*

CREDIT MANAGERS—IT'S WORTH READING

December 24th issue of the *Saturday Evening Post* carries as article "Getting On In the World." It pertains to character and credit, and is well worth reading. A few excerpts are particularly interesting.

"The finest asset a young man or young woman can have is good credit." "The trouble with good credit is that as with other precious possessions, the possessor doesn't realize its value until he has lost it. Until a young man finds out that his reliability is doubted, he doesn't know what a blessing it is to be thought reliable."

"The cause of delinquency in credit isn't dishonesty—usually it's bad judgment."

"Credit is founded pretty much on character. Character is something a man keeps building all his life."

OPINIONS OF IMPORTANCE

That 364-page book—a compilation of opinions from individuals, organizations and publications of authority, on the necessity of the Uniform Small Loan Law—is ready for distribution.

Members of the A. I. L. A. will be supplied with complimentary copies as soon as it is possible to mail them. Others may obtain copies by addressing their requests to the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa.

This book is the result of more than a year's work, most of which was done by Paul V. Hough, manual chief of the Beneficial Operating Bureau, who in this capacity acted as official compiler and editor.

NEW PROJECT BY ARTHUR MORRIS

Recent press notices forecast the formation by Arthur J. Morris of a nation-wide system of consumer credit institutions organized regionally to make personal loans, discount instalment paper, write life and property insurance, negotiate amortization mortgages, sell high grade securities on the instalment plan, etc.

LOUISIANA CONSTITUTIONALITY CASE

The transcript of the case of State of Louisiana v. J. M. Hill, No. 29 of the Criminal Docket of the Second District Court of Louisiana in and for the Parish Bienville, has been lodged in the Supreme Court. Hill operates several small farms and advances money to his share hands and sometimes to his neighbors who are engaged in farming.

PADUCAH LOAN SHARK CAMPAIGN

By far the most vigorous loan shark campaign is that being waged by the Borrowers' Protective League in Paducah, Kentucky. The League was organized at a meeting of business and professional men at the Board of Trade. At the last census the city had a population of 24,735. There have been 24 loan sharks actively operating in the city.

MEETING SCHEDULE

NEW JERSEY—Elks Club, Newark, March 7, 1929.

CONNECTICUT — New Haven, March 20.

MASSACHUSETTS — Boston, April 17.

MICHIGAN—Flint, April 18.

ILLINOIS—Chicago, April 25.

PENNSYLVANIA—Lancaster, May 8.

MISSOURI—St. Louis, Hotel Statler, May 9, 1929.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

WHY SECTION 16 WAS LEFT OUT OF THE MISSOURI LAW

The February 18th issue of the *St. Louis Post Dispatch* carries a letter from Leon Henderson telling in full the reasons why Section 16 was not included in the draft of the 1927 Missouri bill.

DEATH OF FRED JACKSON

The Department was advised recently of the sudden death of Fred Jackson, who was well known to prominent men in the loan field.

Loan Offices Wanted

Individual offices or a chain of any size

Outright Purchase

[or

Participation in Ownership Resulting in Wider Activities in Financing and Economical Operating

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Easter Thoughts

The housewife tires of her work, the child of his play —but the business man?

His thoughts always pivot on that one necessary and important item—his business, his individual progress.

The progress and profits of his business interest him, his desire to secure bigger profits spurs him on.

Then comes a "slump." The cause cannot be found. His customers drop him, his ads fail to produce, collections fall, expenses rise—everything is wrong.

Don't wait for that moment! Insure your business, your personal future, against any mishap.

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New "Winter Written" Folders for Spring Business

Did you receive your samples of the new "Winter-written" folders just off the press? If not, write me at once, because they are by far the most attractive and forceful folders ever produced for Industrial Lenders. And their range of prices will enable you to reserve several of them for your exclusive use.

You can greatly increase your normal spring business at a lower cost per loan by distributing these folders from house-to-house and enclosing them in your letters. Each folder sold to only one account in each town—send your order in now for exclusive local use, or ask for samples.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XIII, No. 10 APRIL, 1929. Price, $1.00 a year; Single copies, 10 cents.

t. Louis Chamber of Commerce Sub-Committee on Small Loans Scores Practice of "Salary Buying"

Board Adopts Report Urging More "Teeth" in Present Small Loan Act

The Board of Directors of the Cham- of Commerce of St. Louis has opted the report of that organization's b-committee on Small Loan Laws ich was filed on February 23, 1929. ie sub-committee consisted of Frank Coleman, chairman; William J. Ken- ly and Lon Sanders.

This coöperation to curb illegal "salary ying" practices, and other usurious oney lending activities in this commun-, is appreciated by the Better Busi- ss Bureau. Following is the report as opted:

"Your Sub-Committee on Small Loans w would respectfully report that they ve held three public hearings on pend- g measures for the repeal, alteration amendment of the Small Loans Law acted by the Missouri Legislature of 27 and found on page 252 of the Ses- ns Acts; that these hearings have en well attended and your Committee s been aided in their deliberations by ggestions from various parties, among iers representatives of the Brotherhood Railway Clerks of one of our rail- ads, the representative of the Better siness Bureau, by those interested as or behalf of Licensed Lenders and by e members of a similar Sub-Committee your Chamber appointed two years o for the consideration of the so- led Russell Sage Law; that the pres- t Small Loans Law, plus the incorpo- ion of the original Section 16 of the ssell Sage Law and also certain regu- ory amendments.

"Counsel for the Better Business Bu- au has favored us with his suggestions d also with the very interesting and cidating report of the Interim Com- ttee of the House of Representatives Minnesota. This Minnesota Commit- was appointed by the Legislature of 27 to make a thorough survey and study the question and report back to the gislature of 1929.

MMITTEE RECOMMENDS MORE TEETH IN LAW

"After giving careful consideration to ery suggestion made by various par- s above referred to and to all of the ta placed before us and especially to e Minnesota report above mentioned, ur Sub-Committee would respectfully commend:

"(1) That we endorse and approve of the general plan or scheme of the Uniform Small Loans Law recommended by the Russell Sage Foundation as a means by which the evils of the Salary Buyers and other users may be lessened and their pernicious activities to some extent curbed.

SECTION 16 URGED

"(2) That we favor the amendment of the Act of 1927 by incorporating therein Section 16 of the Uniform Small Loans Law as recommended by the Russell Sage Foundation, by the St. Louis Better Business Bureau and by the representatives of the Railway Clerks.

"(3) That we favor strict regulation of Licensed Lenders and recommend that they be required to make such reports to the State Banking Commissioner as will enable his Department to keep close supervision of their operations.

"(4) That we believe in honest advertising and that Licensed Lenders should observe this principle; and especially that they should be required to state plainly in connection with any reference to rate and exact monthly rate they are charging.

"(5) That we recognize the need of a source from which necessitous borrowers of small loans may obtain them; and further recognize that those engaged in such business should be permitted to operate on a basis that would yield reasonable returns for labor and capital invested.

"(6) That until such time as experience demonstrates that Licensed Lenders can realize a reasonable return on a lower rate of interest than three and one-half per cent per month, no change should be made in the rate.

"(7) That if and when it appears that such Licensed Lenders on their business properly and economically conducted can realize a reasonable return on a lower rate of interest than three and one-half per cent per month, such rate should be reduced.

"Your Sub-Committee further reports that we have not been aided in our consideration of this subject by M. Lon Sanders due to his absence from the City."—*St. Louis Better Business Bureau*, 3-18-29.

Library of the University of Illinois 3-29-29

Support Anti-Loan Shark Legislation

Leaders of Organized Labor Regard Exorbitant Interest Charged Menace to Society.

In some parts of the United States there have recently been concerted efforts to undermine the small loan laws, now enacted by twenty-six states and under consideration by still others.

The movement to defeat the purpose of this legislation, which stands as a bulwark between the laboring man and the loan shark, has been given much attention by leaders of organized labor, who see it as an effort to give arms back to one of the most menacing influences in society, the usurer.

SUPPORT ANTI-LOAN SHARK LEGISLATION

In this connection we quote from a recent letter of Mr. William Green, President of the American Federation of Labor:

"Your letter of January 30, in which you enclose copy of a bill to license and regulate the business of making small loans and requesting my approval, received.

"I wish to repeat my telegram of June 9, 1928, to Mr. Charles W. Swallow, President of the House of Representatives, Baton Rouge, Louisiana, as follows:

"'Replying to your telegram labor gives its hearty suport to anti-loan shark legislation and would urge your legislature to enact a measure of this kind into law. Where it is impossible to secure a more advanced progressive measure labor gives its support to the Russell Sage Foundation anti-loan shark measure.'

"There is no greater evil facing those who are in need of funds in critical periods of their lives than to be forced to borrow from a loan shark. Where

INDUSTRIAL LENDERS NEWS

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Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of INDUSTRIAL LENDERS NEWS, published monthly at Harrisburg, Pennsylvania, for April 1, 1929.

STATE OF PENNSYLVANIA } ss:
COUNTY OF DAUPHIN }

Before me, a Notary Public in and for the state and county aforesaid, personally appeared GEORGE W. KEHR, who, having been duly sworn according to law, deposes and says that he is the editor of the INDUSTRIAL LENDERS NEWS, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, AMERICAN INDUSTRIAL LENDERS ASSOCIATION, 10 S. Market Square, Harrisburg, Pa.

EDITOR, GEORGE W. KEHR, 10 S. Market Square, Harrisburg, Pa.

Managing Editor, none.

Business Managers, none.

2. That the owner is: AMERICAN INDUSTRIAL LENDERS ASSOCIATION, 10 S. Market Square, Harrisburg, Pa.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is. (This information is required from daily publications only.)

GEORGE W. KEHR, *Editor.*

SWORN TO AND SUBSCRIBED BEFORE ME, this 20th day of March, 1929.

(SEAL) BENJ. N. HERMAN, *Notary Public.*

My commission expires Feb. 21, 1931.

there are no laws governing small loans advantage is taken of the borrowers by charging them unjust interest and so manipulating their debts that it might require years to get out of the power of the loan sharks. When you realize that in New York City alone during the year 1928, $341,000,000, was lent to 1,990,000 small borrowers you will readily see the necessity of legislation to protect the latter."

VOLUNTEERED REMEDIAL ACTION

Twenty years ago there were no s loan laws. At that time the Ru Sage Foundation launched its famou vestigation of conditions. It was ass by a small group of fair lenders, voluntarily proffered their services ward remedial action.

The Uniform Small Loan Law the result. It provides for eliminatio just what the usual banking laws al have made possible—the loan sh Briefly, it permits the lending of s up to $300 at a rate of 3½ per ce month on unpaid balances, the borr reserving the right to pay off the whenever he finds it convenient, stopping interest. No discounts are mitted. The full amount of the must be paid the borrower. No inv gation fees, insurance fees, charges, s ice fees, or the like are permitted.

Three and one-half per cent a m seems, for a moment, a high charge

HIGH OPERATING COSTS

Yet high operating costs are neces to handle the small loan business pay the lender a reasonable profit. is not like the banker, lending the m of depositors, which costs him littl nothing. He must use his own ca or borrow, pay his office rent and l make investigations and collections.

He lends solely upon character. average of his loans is about $125. W he has placed $12,500, he has 100 acco to handle.

He is licensed by the state, his b are subject to investigation by state thorities. He may lose his permi operate, and be subject to fine and prisonment if he violates the law. must work in the open.

There is hope in the future that good start already made can be impr upon, but such efforts as this req time.

One large company, operating 114 fices in fourteen states, voluntarily duced its rate from 3½ per cent month to 2½ per cent, upon comple of a financing program which rece made it possible for them to se money at cheaper rates.

As the system of operation beco more effective, and money to lend small sums is purchased and administ more efficiently and inexpensively, i not unlikely there will be other re tions.

The position of organized labor in lation to the Uniform Small Loan L is clear—it must bend every effort keep the law operative.—*The Federa News,* 3-23-29. *Published weekly by Chicago Federation of Labor.*

"A BACKWARD STEP"

The Huntingdon (West Virgi *Herald Dispatch* recently commented the reduction in interest rates allo small loan licensees in an editorial h ed "A Backward Step," which said part:

"The enactment of a bill by the le lature narrowing the interest rate of called small loans from three and half per cent per month to two per has been hailed by some of the suppor of the bill as a triumph for the borrowers. But it will not prove and, indeed, it will prove decidedly contrary.

"When the three and one-half per

aw was enacted it was not to entrench nd protect usurpers wont to plunder the eople. It was, on the contrary, intended o protect the people from outrageous nd merciless abuses.

"The legislator who considered the roblem merely from the standpoint of hree and one-half per cent in the abtract acted honestly, but with a pitiable gnorance of the true meaning of the ssue. Three and one-half per cent per nonth is big interest. But what was he antecedent condition? Every man who has made an impartial investigation f the question, every man who is informed as to the facts, knows that the hree and one-half per cent rate is legalzed in 24 states, has abated an enormity which had for a generation been a trial o philanthropists and economists.

"So, the loan law we have had in West Virginia never was the product of loan sharks, but of a great philanthropic agency. It was not enacted to enrich conscienceless money lenders, but to open a field to respectable borrowers unable to find accommodations in the larger hannels of finance.

"The antecedent condition meant interest rates never so low as those now legalized in West Virginia, but hundreds of per cent higher. The subsequent condition will not be any better, because it is a fact that these loans cannot be continued at two per cent per month. The cost of arranging the loans, the instability and insufficiency of the security offered contribute to this fact.

"It might be illuminating to some who feel an interest in this matter to say that *representatives of the real loan sharks of America were in Charleston during the legislative session quietly lobbying for the bill which would, if enacted, destroy the three and one-half per cent law, and pave the way for a reinstatement of the enormously high interest rates* charged in states which have no laws to protect the small borrowers in the poorer classes. *Among the lobbyists* present were representatives of a *Kentucky high interest organization,* whose members lend money at rates topping 150 per cent.

"Loan Shark" is a term of opprobrium. But it is being misapplied. The "Loan Sharks" have opposed the enactment of three and one-half per cent interest laws in every state that has undertaken such an enactment. And, as we witness in Missouri and West Virginia today, are endeavoring to break down these laws wherever they have been placed on the statutes.

"It is a surprising thing that the newspapers of West Virginia, either because they have failed utterly to understand the thing, or because they lack the courage to take a side supposed to be unpopular have mostly remained silent while the Russell Sage plan has been dismantled and the way opened to a return of the 100, the 150, or the 220 per centers, by the year.

Attention is particularly called to the positive statement of the newspapers that *Kentucky* loan sharks were behind the rate reduction bill.

SALARY BUYERS LOSE IN VIRGINIA

In Norfolk, H. E. McKerley, trading as the Southern Purchasing Company, sued O. B. Ricks in the Civil Justice Court (of small claims) for $35 on a salary purchasing claim. Rick's attorneys were Ferebee and White, Law Building, who filed a counter claim of $187 for interest paid. The Court supported the contention that the transactions violated the Uniform Small Loans Act—but allowed only $152 judgment by permitting the loan shark to offset his $35 claim.

The salary buyer appealed to the Circuit Court of the City of Norfolk, a court of record, which gave a verdict for the full $187.

The Court instructed the jury as follows:

"The Court instructs the jury that if you believe from a preponderance of the evidence that the series of transactions between the Southern Purchasing Company and O. B. Ricks was in fact a loan to the said O. B. Ricks, and was in effect an attempt by the Southern Purchasing Company to evade and defeat the usury laws of this State, then the said O. B. Ricks is entitled to recover all money paid by him to the Southern Purchasing Company, and you must find a a verdict for him for such amount."

Attorney Ferebee, to whom the Russell Sage Foundation Department of Remedial Loans sent briefs, etc., relating to the pretended salary purchase, has very kindly analyzed the points of law involved.

Three points of law were decided: "(1) The admissibility of parole evidence to go behind the last assignment of salary so as to show that the series of transactions constituted a loan and *not* a purchase; (2) The applicability of the Uniform Small Loans Act to an *unlicensed* operator; (3) The inapplicability of Section 5555 of the 1924 Va. Code, which limits the recovery to the excess of usurious interest beyond the legal rate and to such payments made within one year next preceding the institution of the suit. I shall refer to them in order.

1. Section 5554 of the 1924 Va. Code expressly provides for the admission in evidence of "any fact showing or tending to show that the contract or assurance, or other writing upon which the action was brought, was for an usurious consideration." This would seem to be conclusive.

2. At the trial in the Civil Court, counsel for the company contended that since the company was not licensed it was not subject to the provisions of the Small Loans Act. A slim basis for this was found in Section 4168-51 of the 1924 Va. Code, where the word "licensee" might be construed to exclude all unlicensed operators. The answer to this is that the later section 4168-55a (Section 18a of the Uniform Small Loans Act) specifically brings within the effect of the act "any person in any wise participating" in a loan on which a charge greater than that allowed by the Act is made.

3. Section 5555 applies only to those cases in which the transaction itself is *valid,* with only an illegal rate of interest attached thereto. In any case coming under the Small Loans Act, however, the transaction is *wholly void*—by Section 4168-51. The effect is the same as if there had been no agreement between the parties, and all money paid by the borrower to the company may be recovered under the ordinary common law action of assumpsit. And of course the statutory limitation of three years is the only bar to a recovery."

An admirable editorial from the *Norfolk Virginian Pilot* of March 22, 1929, reproduced herewith almost in its entirety, calls to mind the fine public service this paper has rendered in the fight to eliminate salary-buying. Its columns two years ago were the medium for bringing together Senator Warren, the railroads of the city, and the Department's Director, which resulted in addition to the Virginia Small Loan Law of two amendments. The first was the anti-wage purchase section, the second was a limitation of interest on small loan accounts to 6% after judgment. In avoiding blatancy and overstatement, the *Virginia Pilot* in the editorial below performs a real piece of analysis that warrants repetition and wide diffusion.

Economic Brigandage

"On August 1, 1926, O. B. Ricks, a fireman in the employ of a local railroad company, assigned to a local salary-buying company $50 of his minimum $150 a month salary, payable to him on August 15. The company paid him $50 in return for the assignment.

"Thereafter, every two weeks, until January, 1927, he returned to the office of the salary-buying company, each time executing a fresh assignment of $50 of his salary, and paying each time the sum of $5 for the renewal. The salary-buying company called the $5 fee a "discount."

"Some time in January, 1927, Mr. Ricks paid the company, in addition to the current renewal fee, the sum of $15 on the company's original advance of $50, leaving him indebted to the company in the capital sum of $35.

"Thereafter, until October 1, 1928, he reported fortnightly to the company's office, each time executing a new assignment of his salary in the sum of $35, and paying for the privilege of each renewal the sum of $2.75.

"By October 1, 1928, he had paid the company in "discount" fees the total sum of $187, and still owed it an unrepaid capital balance of $35. Feeling that he had amply compensated the company, he stopped further payments after this date. But the salary-buying company felt itself ill-used. It brought an action in the Civil Justice Court to recover the unpaid $35, but Judge Goode ruled that the transaction of 1926 was in reality a loan and that the salary-buying company had charged the borrower an illegal rate of interest, and awarded a judgment to the defendant in the sum of $152—the difference between the $187 that he had paid out in "discounts" and the principal amount of $35 that the company claimed.

"The case was appealed to the City Circuit Court where a jury on Wednesday awarded the borrower the whole sum of $187, refusing to allow the company even the $35 offset.

"The transaction here described is typical of the transactions that figure in that form of economic brigandage that is known as salary-buying—as reprehensible a practice as graces our much-vaunted American civilization. Learned barristers may argue that each of the fortnightly assignments that Mr. Ricks executed with clock-like regularity for 26 months, was a separate and distinct transaction, and as sound ethically as so many separate bills of sale for loads of wood, but if that is good law, then the law is itself disgracefully deficient, for by every test of common sense this was a connected series of transactions, indistinguishable

in function and effect from the lending of money at a criminal rate of interest. On only one occasion, the time of the first assignment, did the salary-buying company hand the borrower any cash. For more than two years thereafter, the reassignments were paper transactions in which the cash flowed only one way—from the railroad man to the salary-buyer.

"Every person concerned with business decency and with keeping this community safe for salaried people who find themselves from time to time in need of small loans, must rejoice that another set of gougers has been caught red-handed in the act of gouging, and that in the particular case under consideration, it will gouge no more.

"There are legitimate small loan companies in this city and they perform a necessary commercial and social service. They operate under the State law and their maximum rates of interest are fixed by statute. These are not to be confused with the salary-buyers who perform no social service whatsoever—who are parasites of the purest ray serene and a menace to the industrial community."

HOW WOULD YOU LIKE TO BE A BANKER IN CHINA?

Usury Not Known

"We are not confined to any specified rate of interest," said a Shanghai banker to the writer. "We often receive from 8 to 24 per cent for loans and our dividends to stockholders are 20 per cent and higher." This particular banker has lived in China for many years and has great confidence in the country's future. He was another who declared missionaries are not mercenary, but on the contrary are aiding China. I'm told that the bankers of Shanghai are quite informal. Often, especially during the race meets, the banks will close for four days. This for the reason that now and then a banker is a successful jockey and others own race horses. Life among bankers in the Orient is not the solemn thing it appears sometimes in America.—*E. J. Stackpole in the Harrisburg Telegraph written from China on a trip around the world.*

COURT DECISION

Turney v. Goldberg's Loan Office
(No. 18206)

Supreme Court of Oklahoma June 12, 1928

Rehearing Denied February 12, 1929
(Syllabus by the Court)

1. Interest—27—Legislature may not fix contractual rate of interest at more than 10 per cent. (Const. art. 14, section 2).

Section 2, art. 14, of the Constitution of this state, fixes the maximum contractual rate of interest at 10 per cent and the Legislature is without authority to fix a greater rate.

2. Statutes—84—Any statute attempting to authorize pawnbrokers to charge over 10 per cent interest is invalid. (Const. art. 5, section 46, par. R, art. 14, section 2).

In addition to section 2, art. 14, of the Constitution of this state, it is provided in paragraph R, section 46, art. 5, of the Constitution, that the Legislature shall not pass any local or special law authorizing the fixing the rate of interest, and any statute attempting to authorize pawnbrokers to charge a different rate of interest is invalid for the reason that it is a special law.

3. Chattel mortgages—6—Conditional sales contract entered into by borrower and lender, taking personalty as security for loan and receiving interest, will be construed as loan contract.

Where a person is engaged in the business of loaning money and takes possession of personal property as a security for the payment of a loan, and enters into a conditional sales contract with the borrower, and thereafter the lender, from time to time, accepts and receipts the borrower for money paid as interest on said loan, said instrument will be construed as a loan contract.

4. Pledges—4/—Borrower on security of personal property, who has paid usurious interest, may replevy property pledged.

Where a party has paid to the lender of money an amount equal to the principal plus an usurious rate of interest thereon, and such lender has in his possession certain personal property as a pledge for the security for the payment of said loan, the borrower is not wholly consigned to an action for the recovery of usury under the statutes, but may secure possession of property so pledged by an action in replevin.

(Additional Syllabus by Editorial Staff)

On Rehearing

5. Pledges—55—Creditor is not limited to pledged property for payment of loan secured by pledge.

Where property is pledged in order to secure a loan, the creditor is not limited only to pledged property for repayment.

Hunt, J., dissenting on rehearing.

Appeal from Court of Common Pleas, Tulsa County: Font L. Allen, Judge.

Replevin by Barbara E. Turney against Goldberg's Loan Office. From a judgment for defendant, plaintiff appeals. Reversed with directions.

J. A. Denny, of Tulsa, for plaintiff in error.

Samuel A. Boorstein and J. D. Johnston, both of Tulsa, for defendant in error.

Lester, J. The parties on appeal appear here as in the lower court. The plaintiff brought suit in replevin for the possession of certain personal property that had been delivered to the defendant in consideration of a loan by defendant to plaintiff.

The case was tried to the court and jury, and, after both sides had completed their testimony, the court took the case from the jury and rendered its judgment in favor of the defendant, from which judgment the plaintiff prosecutes this appeal.

The plaintiff, through her agent, on the 22d day of November, 1923, borrowed $300 from the defendant corporation, which corporation was engaged in loaning money on personal property delivered and pledged as a security for loans; said business being commonly denominated as pawnbroker.

A memorandum contract was entered into whereby the plaintiff was obligated within 30 days from date of the loan to pay the defendant the sum of $315. At the end of 30 days from date of the loan the plaintiff paid the defendant the s of $15, and continued thereafter to m payments thereon until she had paid defendant the total sum of $385; last payment being made on the 20th of November, 1925.

The defendant does not dispute amount the plaintiff claimed to have p on said loan.

From an examination of the bri filed by the parties in this court, it pears that the defendant relies in p for its defense on section 1951, C. O. 1921, which reads as follows:

Any person who carries on the busin of a pawnbroker, by receiving goods pledge for loans at any rate of inte above that allowed by law, except by thority of a license from a munici corporation empowered to grant licen to pawnbrokers, is guilty of a mis meanor."

The defendant had secured from city of Tulsa a license to do business a pawnbroker.

(1) The Constitution of this st clearly inhibits the Legislature from thorizing any one to charge a grea rate of interest than 10 per cent. Art 14, section 2, of the Constitution, p vided.

"The legal rate of interest shall exceed six per centum per annum, in absence of any contract as to the r of interest, and, by contract, parties m agree upon any rate not to exceed per centum per annum, and, until redu by the Legislature, said rates of six ten per centum shall be, respectively, legal and the maximum contract rates interest."

(2) Article 5, section 46, par. R, prohibits the Legislature from pass any local law fixing the rate of inter

The defendant contends that, altho the plaintiff had paid the sum of $ on said loan between the 22d day November, 1923, and the 20th day November, 1925, the plaintiff is still debted to the defendant in the princ sum of $300.

(3) The defendant introduced a c tract tending to show that the agreem between the defendant and the plai constituted a conditional sale, and, account of the defendant reserving p session of the goods until the cont price was paid, plaintiff and defend did not occupy the relation of lender borrower of money.

The evidence shows that the defend advertised its business to be that of le ing money at a low rate of interest, that it would loan money on anything value. The defendant company in m ing loans required that a person secu a loan surrender to it the possess of personal property as a security such loan.

The instrument introduced in evide by the defendant is similar in chara to that appearing in the case of Spa v. Robinson, 66 Ark. 460, 51 S. W. The pawnbroker there issued to the b rower the following memorandum in w ing:

"This is to certify that if the holde this certificate presents the same at office, at 105 East Markham street, later than thirty days from date, he the option of purchasing any one art of merchandise in my place of busi that is for sale at a price not to exc 10 per cent above its actual cost; inc ing one sewing machine, $8.00, if p ferred. This offer will be void a

irty days from date. All goods bought d sold for cash."

The court in the above case said:

"The court was clearly justified in ncluding that the instrument purport- g to be a bill of sale, although abso- te on its face, was intended by the par- s as nothing more than a security for e money advanced. The right of re- mption was reserved to the grantor in e face of the instrument, and the ex- aneous proof warranted the conclusion at the instrument was intended as a ortgage. Stryker v. Hershy, 38 Ark. 4. In case of a mortgage the mortgagee comes the absolute owner, where there a failure to pay, and no redemption.

"The instrument itself, and the sale cket given with it, show the grantor d the privilege of redeeming in thirty ys, by paying the principal and not ex- eding 10 per cent, and the proof shows, at at the end of each month the eighty nts, or 10 per cent per month, was llected, and another sale ticket was ued granting the same privilege. And is might be continued ad infinitum. The w shells the covering, and extracts the rnel. Names amount to nothing whey ey fail to designate the facts. We are the opinion that the court was justi- d in concluding that the papers called ll of sale' and 'sale tickets' were noth- g more or less than a shift for a urious loan of money."

In the instant case the evidence clearly ows that both parties treated the con- ct as a loan of money only. The de- ndant, from time to time, acknowl- ged the receipt of interest from plain- f.

We conclude that, at the time the plain- f instituted her suit to recover posses- n of said property, the payments eretofore made to the defendant were st as effectual as if she had made to e defendant one payment of the prin- pal sum of $300, in addition to the erest due thereon.

Certainly in the latter case no one ould dispute the right of the plaintiff recover her property; the fact is, e plaintiff made payments to the de- ndant in an amount in excess of the ncipal and interest on said loan. The ncipal loan amounted to $300. Within period of two years the plaintiff paid e defendant $385. The interest on said ncipal for the period of the loan the highest contractual rate could not any manner have exceeded $60. Thus find that the plaintiff paid the de- ndant an excess of $25 over and above e principal, and, in addition thereto, e highest legal rate of interest thereon.

(4) The defendant insists that the intiff did not pursue the provisions of e statutes relating to the recovery of urious interest, and therefore, plaintiff not entitled to succeed in an action of plevin.

As we understand the facts, the plain- f is not seeking a judgment against e defendant for usurious interest, but nply, claims that the transaction be- een the plaintiff and defendant con- tuted a loan of money, and that the intiff having returned to the defend- t an amount equal to the principal to- ther with all the interest thereon; erefore the plaintiff, having discharged claims against said property, is en- led to the return of said property.

No argument, however adroit or spe- ous, can avoid these ultimate and un- puted facts in this case, to wit: First, the contract between the plaintiff and defendant constituted a loan. Second, to secure the payment of said loan certain property was delivered to the defendant. Third, the plaintiff had paid to the defendant an amount equal to the principal loan, together with all interest thereon. From these facts the plaintiff is entitled to the return of the property so pledged, and, upon refusal of the defendant to deliver to the plaintiff said property, plaintiff is entitled to recover the same by an action in replevin.

We think the trial court erred in withdrawing the case from the jury and entering judgment for the defendant.

The cause is reversed, with directions to proceed in said cause not inconsistent with the views herein expressed.

Mason, V. C. J., and Hunt, Riley, and Hefner, JJ., concur.

On Rehearing

Lester, V. C. J. It has been urged in the original briefs by defendant, as well as on rehearing, that the contract between the plaintiff and defendant constituted an absolute sale of the property involved in this action. The record in this case, as shown on pages 9, 49-59, and 60, clearly shows that the defendant, time and again, executed and delivered to the plaintiff a memorandum in writing acknowledging receipt from the plaintiff of certain interest on account of the loan theretofore made to plaintiff. It appears from the record that the defendant also wrote the plaintiff that it was taking good care of her property. This correspondence between the parties clearly shows that they treated the transaction as a loan.

The name or title adopted by a business concern is usually intended as being descriptive of the character of the business in which they are engaged. The defendant, a corporation, operated and did business under the name of Goldberg's Loan Office, and from all the facts and circumstances in this case it is clearly demonstrated that the particular transaction between the parties to this action was in harmony and accordance with the character of the business designated by the corporate name of the defendant.

(5) It is further insisted that, when property is pledged in order to secure a loan, the creditor can look only to the pledged property for the payment of said loan. This contention is not supported by the authorities. In Jones v. Marshall, 24 Q. B. D. 269, the question arose as to whether or not a pawnbroker might bring an action for a deficit upon a sale of the property pawned. Lord Coleridge, C. J., said: "I think it is clear that under the contract, read without reference to the act, the pawnbroker would have a right to recover the balance of the loan unsatisfied on the sale of the pledge. It is a contract of pledge, and if the article pawned does not realize the amount lent on it, he may bring an action for the deficit."

In the case of Alexander G. Mauge v. Bernard Heringhi, 26 Cal. 577, the court held: "A pledge of chattels has a right at common law, if the pledge is not redeemed within the stipulated time, to sell the property pledged at auction, by giving public notice of the time and place of sale, and, if the sale does not satisfy the debt, he may recover the deficiency from the pledge by an action at law."

In 21 R. C. L. p. 685, under the subject of "Pledges," section 47, is as follows: "The taking of collateral security for the payment of a debt does not, in the absence of a statute or stipulation to the contrary, afford any implication that the creditor is to look to it only or primarily for the payment of the debt. The obligation of the debtor to respond in his person and property is the same as if no security had been given, and upon default in payment, the pledgee may elect to sue the pledgor for his debt, without

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

NATHAN ISAACS, Professor of Business Law, Harvard Business School, says:

"Mr. Ryan's discussion may be drawn upon most effectively for argument in court."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

LOAN OFFICES WANTED

A consolidation of independent loan offices is proposed in Pennsylvania and New Jersey.

Will purchase for cash and retain present management.

Reply in absolute confidence.

"D" Box 778,
Industrial Lenders News Harrisburg, Pa.

a sale of the security, and may recover a judgment in such suit against the pledgor for the amount of the debt, without destroying or in the least affecting his lien on the property so pledged."

The above principle was stated in the case of Rogers v. Ward, a Massachusetts case reported in 8 Allen 387, 85 Am. Dec. page 710, as follows: "Taking a collateral security for payment of debt affords no implication that creditor is to look to it only or primarily for the payment of the debt. The debtor's obligation to respond in his person and property is the same as if no security had been given."

CLARK, RILEY, HEFNER, CULLISON, SWINDALL, and ANDREWS, JJ., concur.

HUNT, J., dissents.

Obituary

Lawrence T. Baker

All members and friends of Lawrence T. Baker, of Highland Park, Illinois, will regret to learn of his death at Daytona Beach, Florida, Sunday, March 3, after an illness of five days from an inner ear infection which later developed into broncho-pneumonia, in his 45th year.

Mr. Baker was born in Findlay, Ohio, May 27, 1884, and at the age of 19 started in the loan business, becoming manager for the F. J. Mackey interests at the age of 21. He was later transferred to Louisville, Kentucky, in 1908 and in 1910 went into business for himself at Chicago under the name of Baker & Company. He was successful in his personal business enterprise and had at the time of his death built up one of the most substantial offices in Chicago.

Members of the Illinois Industrial Lenders Association, and members of the American Industrial Lenders Association, who have attended National Conventions will remember Mr. Baker very well for his interest, enthusiasm, and snpport of all the Association objects. He was a man of pleasing personality, high character and keen business judgment. For a number of years he served as secretary of the Illinois Industrial Lenders Association, and proved to be one of the most efficient State Association Secretaries in the country. His accounts of the meetings were always interestingly written. He served one year as chairman of the Membership Committee of the American Industrial Lenders Association, and was responsible for a substantial increase in the National Association membership the year he served in this capacity. He, with R. M. Rutherford and W. P. Woll, as a special committee, evolved the percentage plan of dues from the original flat rate used to-day in amended form by the A. I. L. A. It was his suggestion that was adopted when the national official monthly publication was changed from its original name *The Loan Gagette.*

Funeral services in his memory were conducted by Reverend Frank Fitt, pastor of the Highland Park Presbyterian church, Highland Park, Illinois, at Findlay, Ohio, March 8. Referring in eulogistic terms to Mr. Baker's life and work, Reverend Fitt said in part:

"It seems utterly without meaning that such a man, so well in outward physical appearance, so rich in friendship, so happy in his home, should be removed from the earthly scene. There is no meaning that suggests itself to our minds. We simply meet here this morning in a common bond of sorrow, holding to the faith that God in His good time will enable us to understand. We feel that the one whom we knew is even now in that World of Light and Life which means the more complete disclosure of the Divine Presence. All is well with him. And for those who remain and whose grief is immeasurable because they shared most freely all that he was and meant we pray the comfort and consolation of the Divine Love."

His counsel in and support of State and National Association work will be greatly missed.

To Mrs. Baker and daughter Cawl, who survive him, we extend our profound sympathy.

MERGER OF LOAN COMPANIES

NEW YORK, March 13.—Consolidation of four small loan companies with assets of approximately $26,000,000, by Household Finance Corporation, is announced by Leslie C. Harbison, president. The consolidated company will operate 114 offices in fourteen States where the uniform small loan laws are effective. The three companies absorbed by Household, which has been in business fifty years, are the Guarantee Loan Company, the Franklin Finance Corporation and the Popular Finance Corporation. These have combined assets of approximately $7,000,000. Net assets of Household, as of December 31, 1928, were $19,237,288.

MARYLAND

The regular monthly meeting of Maryland Industrial Lenders Associat was held in the Board Room, 22 Li Street, Tuesday evening, March 12th The Chairman, Mr. Gardner, presi Upon motion of Mr. Long, secon by Mr. Rosenfield, the minutes of previous meeting were approved as tributed.

ROLL CALL

There were 41 present at this meet representing 26 offices.

MEMBERSHIP COMMITTEE

Mr. O'Neill, the chairman, reporte had three applications for membershi the Association: The Trustee Comp The National Credit Company and Maryland Industrial Finance Comp Upon motion of Mr. Mattingly secon by Mr. Delcher, the above compa were unanimously elected members of Maryland Industrial Lenders Associa

The Commercial Service and C Company of Frederick, Manyland, dered their resignation to the Associa Upon motion of Mr. Long, seconde Mr. Smith, same was accepted.

VIGILANCE COMMITTEE

Mr. Rosenfield, the chairman, repo progress.

LEGISLATIVE COMMITTEE

Mr. Mattingly, the Chairman, as made one of his splendid reports everything is coming along nicely.

UNFINISHED BUSINESS

Mr. William Young reported he taken up the matter of the resignati the Maryland Cash Credit Company Col. Badger. He asked that this m be held over another month.

LAW COMMITTEE

Mr. Bryant, the chairman, sugg that due to the illness of Mr. E Moore, the matter of uniform c mortgages and salary assignments be over for one month.

The chairman asked that M Hougham and Bryant have a repor our next meeting on what is being relative to the Lenders Shelf in Enoch Pratt Free Library—said mittee to report next month.

The chairman appointed Messrs. tingly, Hamburger and Holden the tertainment Committee to take ca our annual banquet which will be the second Tuesday in May.

Mr. Tucker, of the American Loan Company, Mt. Rainier, Mary was then introduced to the Assoc by the chairman. After giving a little talk, Mr. Tucker invited the bers of the Maryland Industrial Le Association to attend a quarterly m of the Virginia Industrial Lenders ciation, to be held in Alexandria, Vir on April 13th.

As all the regular business was over, Messrs. Sweeney, Johnson and ing each gave a splendid talk o "value of a rejected application." they had finished their talks, there a general discussion on same. M Rosenfield, Young, Hougham, Matt Tyler, Holden, Sutton and Long several others, took part in this d

on. It was unanimously agreed that ese debates would be carried on at each our meetings. Mr. Sutton and Mr. ng are willing to take the floor against ybody on any subject and after hearing em last night, I am sure you will agree at they are capable or doing so.

There being nothing further to come fore the meeting, a motion was made d seconded that we adjourn until our gular meeting night, Tuesday evening, pril 9th.

E. M. GARREN, *Secretary.*

NEW JERSEY

he Quarterly Meeting of the New Jersey Industrial Lenders Association Was Held at the Elks Club, Newark, New Jersey, March 7, 1929

The meeting was called to order at 30 p.m. by President A. E. Montmery.

Walter S. Buswell, the secretary, being sent, the president called upon J. Gay abourne to act as secretary of the eeting.

The Roll was called by the acting sectary and the following members anered as present:

Offices of the New Jersey Cash Credit rporation:—710 Mattison Avenue, Asry Park; 700 Emory Street, Asbury rk; 519 Main Street, East Orange; 4 Sanford Street, East Orange; 999 rgen Avenue, Jersey City; 40A Bern Avenue, Jersey City; Newark, enton, Union City, Bayonne, Camden, izabeth, Englewood, Hackensack, utherford, Red Bank.

Offices of the Beneficial Loan Society: mden, Newark, Orange, Elizabeth, terson, Trenton, Jersey City, Plainld, Union City.

Offices of the Personal Finance Comny:—Kearney, Passaic, Perth Amboy, yonne, Bloomfield, Hackensack, East range, Jersey City.

Offices of Conservative Credit System New Jersey, Inc.:—Newark, Orange, ssaic.

Offices of Community Finance Serv:—Camden, Newark, Elizabeth, Trenn, Jersey City, Atlantic City.

Offices of Consolidated Plan of New rsey, Inc.:—Newark, Paterson, Perth mboy, New Brunswick.

Offices of Continental Finance Corpotion:—Englewood, Jersey City.

Offices of Home Credit System, Inc.: ewark; Atlas Loan Society, Atlantic ty; Martin S. Kissel, Bound Brook; quitable Loan Society, Elizabeth; ardian Loan Society, Elizabeth; Peoes Loan Company, Jersey City; Orient an Company, Jersey City; Standard an Company, Jersey City; Linden nance Company, Linden; Equitable an Society, Newark; General Finance mpany, Newark; Industrial Loan Soty, Newark; Jersey City; The Guardn Plan, Newark; The Phoenix Plan, enton; Somerset Loan Company, merville; Protective Investment Co., terson; American Equity Corp., Trenn; Max Knobloch Loan Company, ewark; National Finance Service, Inc., ewark; Borrowers Loan Co., Jersey ty; Ideal Finance Assn., Inc., Newark; rward Loan & Credit Service, New-k; Jersey City Loan Co., Jersey City; nployees Loan Association of Newark, ewark; National Finance Corporation America, Newark; Supreme Credit rvice of New Jersey, Inc., Newark; Emerson Loan Society of Union County, Elizabeth.

The secretary read the minutes of the last meeting of the Association and upon motion duly made and seconded the same were approved as read.

REPORT OF THE OFFICERS

The president, A. E. Montgomery, submitted the resignation of Walter S. Buswell, secretary of the Association, and that of J. C. Van Horn, chairman of the Legislative Committee. Inasmuch as the president explained that these gentlemen were no longer able to continue in their respective offices, their resignations were, upon motion duly made and seconded, accepted with regret.

The acting secretary reported receipt of seven new applications for membership in the Association all in proper order for consideration.

The treasurer read his report of the finances of the Association as of February 28th, and the same was, upon motion duly made and seconded, approved and accepted, it being ordered that a true copy of same be spread upon these minutes.

REPORT OF THE STANDING COMMITTEES

Mr. Rudloff, chairman of the Publicity Committee reported on the matter of newspaper publicity within the past quarter.

In the absence of Mr. Lambert, chairman of the Membership Committee, the president directed the secretary to read a communication from Mr. Lambert wherein he set forth his activities in behalf of the Association within the past quarter. Mr. Lambert's report is made a part of these minutes.

Mr. Seabourne, chairman of the Entertainment Committee, reported that he had turned over to the treasurer the sum of $303.18 which amount represented the surplus remaining after all expenses incidental to the annual banquet and ball of the Association, held December 6, 1928, had been defrayed. A complete copy of Mr. Seabourne's report is made a part of these minutes.

Upon motion duly made and seconded a rising vote of thanks was tendered Mr. Seabourne for his good work in behalf of the Association, to which he graciously responded.

NEW BUSINESS

Election of New Members:

Upon motion duly made, seconded, and unanimously carried the following companies were elected to membership in the Association: Personal Finance Company, of Millville, 100 N. High Street, Millville, N. J.; Trustees System Company, of Newark, 28 Central Avenue, Newark, N. J.; Liberty Industrial Finance System, 60 Park Place, Newark, N. J.; New Jersey Funding Corporation, 26 Journal Square, Jersey City, N. J.; Seaboard Industrial Corporation, 710 Mattison Avenue, Asbury Park, N. J.; Lincoln Credit Corporation, 137 Summit Avenue, Union City, N. J.

The President declared a vacancy existing in the office of secretary and in the chairmanship of the Legislative Committee. Requesting an expression of the pleasure of the Association, it was

Regularly moved, seconded and unanimously carried,

That Dr. Charles G. Mueller be appointed chairman of the Legislative Committee, vice J. C. Van Horn, resigned; and that J. Gay Seabourne be appointed secretary, vice Walter S. Buswell, resigned.

John W. Whitstone reported to the Association the death of our fellow member, Fred M. Jackson, president of the Monroe Loan Society, on February 17,

(Concluded on page 9.)

WHAT PRICE

will you take for

YOUR OFFICE?

A new successful company which has never before sought to purchase offices is now in the market. It is not one of the big chains.

If previous negotiations were unsatisfactory—try us. Strictest confidence observed.

Do not close a deal elsewhere without our offer.

We will pay in full, in cash, at good prices, for every office purchased. Present management may be retained if desired. Give name and location of office to receive attention.

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GENERAL POST OFFICE
NEW YORK CITY

LET'S MAKE IT A WHALE OF A CONVENTION

The Iowa Industrial Lenders Association Convention, Waterloo, Iowa

Tuesday and Wednesday, April 16 and 17

The Glad Hand of Fellowship will be extended to you at the

RUSSELL LAMSON HOTEL

Business Sessions twice a day. There's plenty to talk about—not a minute will drag. Close up shop and bring the Office Force

SMOKER AND STAG TUESDAY NIGHT

Three Wonderful Bouts

and Plenty of Whoopee?

BANQUET, ENTERTAINMENT and SOUVENIRS WEDNESDAY NIGHT

Gold Rooms New President Hotel

Formal or Informal

No long speeches, but an evening of Fun and Entertainment in charge of "DUTCH" SCHMIDT, of Des Moines. Remember "Dutch"?

ALL ABOARD FOR WATERLOO!!

NEW JERSEY

(Concluded from page 7.)

929, and introduced the following reso-
tion:

WHEREAS, It is with widespread sor-
ow and a sense of personal loss that
e Association has learned of the death
f its valued member, Fred M. Jackson,
e it

Resolved, That the members of the
ew Jersey Industrial Lenders Associa-
on here record their sense of loss in the
assing of Fred M. Jackson, and their
ncere appreciation of his life as a man
nd fellow worker, and a citizen; and
e it further

Resolved, That a copy of this state-
ent and these resolutions be submitted
the surviving members of Mr. Jack-
n's family, that they be printed in the
NDUSTRIAL LENDERS NEWS, and that
ey be preserved in the minutes of this
ssociation.

Upon motion duly made, seconded and
rried, the resolution was adopted, and
e members paid silent tribute to the
emory of Mr. Jackson.

The president directed the secretary to
ad a communication received from J. C. Van Horn relative to coöperative purchasing. Same was, upon motion duly made and seconded, referred to the Executive Committee for consideration and report thereon.

Gilbert J. Badger, president of the American Industrial Lenders Association, spoke at some length on the membership drive of the national organization, and solicited the assistance of all in furtherance of the objectives of the Membership Committee.

No further business appearing, the meeting, upon motion duly made and seconded was adjourned at 4:15 p. m.

J. GAY SEABOURNE, *Secretary*

SPECIAL MEETING

The special Meeting of the Rhode Island Industrial Lenders Association was held on March 13, 1929, at 7:30 P. M. Biltmore Hotel, Providence, R. I.

Chairman Pomfret presided.

Twenty members were present.

Mr. Wood moved for Consideration of the purpose of this meeting.

Motion by Mr. Neal that the sum of $300.00 be appropriated from Association funds for the use of the Law and Legislation Committee if it is necessary.

Mr. Findlay seconded this motion which was approved and so voted.

Chair then appointed Messrs. D. W. MacGray and W. E. Winters to contact absent members.

The meeting then adjourned.

Respectfully submitted,

E. LAGUEUX,
Secretary.

PERSONALS

Mr. and Mrs. Albert P. Snite of Chicago have returned from a cruise around the Caribbean Sea.

Mr. and Mrs. C. H. Stratton, Sullivan, Indiana, on March 7 had reached Athens, Greece from Constantinople, on a Mediterranean cruise. A post card reaching the Secretary March 27 from "Cuppy" contained a picture of the Temple des Theseus, Athens with this characteristic expression "No place like good old U. S. A."

Mr. and Mrs. L. C. Harbison of Chicago have returned from a short trip to Bermuda.

This Sign Will Increase Your Business

Made to Hang at Your Cashier's Window. Made of Brass

Every Office Will Need One or More of These

$1.75 Each

SHOULD YOU NEED MORE MONEY!

Even if you have an open account with us at this time and find yourself in need of further funds, it will be our pleasure to serve you.

(ACTUAL SIZE)

LARGER SIZE, 6x9, $2.75

Can also be put under glass at window or desk

The William I. Marsh Company

229 W. Illinois Street **CHICAGO, ILLINOIS**

Complete Outfitters for Industrial Loan Offices, Forms, Advertisers and Calculators

RHODE ISLAND

The regluar quarterly meeting of the Rhode Island Industrial Lenders Association was held on Thursday, January 17, 1929, at 1:30 p.m., Narragansett Hotel, Providence, R. I.

Chairman Pomfret presided.

Twenty-four members were present.

Luncheon had been prepared and a total of 31 covers were placed for members and their guests.

Before the opening of the business meeting Mr. Floriman M. Hathaway, Manager of the Providence Better Business Bureau was introduced and chose as his subject "Advertising."

He stated that the purpose of advertising is to create good will which will in turn result in sound business, provided the organization behind it is rendering a true public service and the personnel performing this service is courteous, obliging and of proven integrity.

"Make your advertising clear, frank and free from deceit if you will enjoy the lasting confidence of the public," were his closing words.

The next speaker was Attorney Frank L. Hinckley, Esquire, who needed on introduction. Mr. Hinckley expressed his pleasure in again being with us and in a short talk gave us a clear interpretation of some phases of our business.

V. C. Moore, chairman of the Legislative Committee of the American Industrial Lenders Association then spoke on the "Uniform Small Loan Law" the states where it is now in effect and the prospects for its enactment in others where no regulations have been passed to control small loans.

The following members were present:

Messrs. George E. Rich, Mutual Loan Association, Pawtucket; G. L. Lewis, Mutual Service Association, Newport; Harry G. Neal, Chester-Neal Co., Providence; W. E. Winters, Auto Owners Loan Company, Providence; D. W. McGray, Mutual System Company, Providence; Charles C. Rock, New England Equity Corp., Providence; G. W. Delaney and W. G. Wood, Citizens Finance Service Company, Providence; Edmund W. Perry, Household Finance Corp., Pawtucket; J. G. Findlay, Household Finance Corp., Providence; J. C. Cote, American Loan Company, Providence; H. A. Lanctat, American Loan Company, Woonsocket; E. Hollingsworth, Beneficial Loan Society, Providence; E. LaGueux, American Loan Company, Pawtucket; H. F. Wordell, Beneficial Loan Society, Pawtucket; R. C. Parker, Personal Finance Company, Providence; Arthur Pomfret, National Loan Company, Pawtucket; Harold Pomfret, National Loan Company, Woonsocket; H. A. Morey and Frank Conley, Union Finance Company, Providence; James Dwight, Edgewood, R. I.; W. S. Steers, H. B. Budding, Providence; H. F. Chase, Peoples Loan Company, Providence; H. B. Bumsted, Ideal Financing Assoc., Pawtucket; Robert W. MacDonald, Ideal Financing Assoc., Providence.

Present were Messrs. M. W. Newman, of the Ideal Finance Association, Boston, Mass.; V. G. Moore, of New York, representing American Industrial Lenders Association; A. G. Zimmerman and A. C. Christensen of the Beneficial Operating Bureau, New York.

Treasurer gave his report and it was accepted. *(Concluded on page 14.)*

DO YOU KNOW?

Do you know that the problem of protecting the necessitous borrower from exploitation is the oldest problem in the history of economics?

Do you know that governments have been passing laws to solve this problem for thousands of years?

Do you know that the old type of usury laws became so obnoxious in France and England that they were all repealed? Do you know that four American states, following England's Example, have no usury laws of the old type?

Do you know that 44 American states have the old type of usury law? Do you know why?

Do you know that the Uniform Small Loan Law as now in effect in various forms in 24 states, is the only type of law which has effectively got rid of the evils which have vexed legislators for thousands of years?

Do you know that the only way to get this law passed in a state is to understand why it should be passed and to get legislators also to understand?

Do you know that the Uniform Small Loan Law was framed solely for the benefit of borrowers and not for lenders?

Do you know why this must be so?

Do you know that the present situation demands that all lenders understand the economics of the small loan business?

DO YOU KNOW THAT A DANGER EXISTS THAT THE UNIFORM SMALL LOAN LAW MAY BE REPEALED IN SOME STATES BECAUSE IGNORANT AND SELFISH LENDERS HAVE VIOLATED THE SPIRIT OF THE LAW?

Do you know it is your duty to see that borrowers are protected?

DO YOU REALIZE THAT YOUR SLIGHTEST UNETHICAL ACT MAY BE USED AS AN ARGUMENT AGAINST YOUR BUSINESS BY SOME LEGISLATOR?

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THE UNIFORM SMALL LOAN LAW

NOTES IN THE HARVARD LAW REVIEW
March, 1929

In no branch of economics in the United States has legislative action been more ruled by prejudice than with respect to the usury laws.[1] The result has been that general statutes fixing indiscriminately a definite maximum rate of interest for all classes of loans have been enacted in most states.[2] Conceded almost unanimously by economists to be inoperative in controlling the price of commercial money,[3] such statutes have succeeded only in accentuating, in the field of consumptive borrowing, the evils at which they were primarily directed. Laudably intent upon protecting the necessitous borrower from the mercy of the money lender,[4] the legislatures fixed rates of interest so prohibitively low as to drive the entire business outside the law.[5] The money lenders flourished upon rates notoriously extortionate,[6] while the borrower, unable to obtain help at legal interest, was reduced to seeking it elsewhere at a price which included the insurance of his lender against the risks incident to violating the very law which had been passed for the borrowers protection.[7]

The rates for commercial loans may safely be left to competition.[8] But the small borrower because of his immediate needs, his frequent desire for their concealment, and his inability to secure aid elsewhere, is at a disadvantage in bargaining with his lender.[9] In such a situation the state may properly intervene to restore the balance of bargaining power.[10] The vast amount of necessitous borrowing is reflected in the volume of the small loan business.[11] To supply this need various agencies have been developed.[12] Philanthropic organizations have been founded, but the meagerness of their resources and the stigma of charity have combined to limit their usefulness.[13] Moreover, remedial loan societies, besides being semi-philanthropic in nature, require chattel mortgages or pledges of security,[14] while credit unions grant loans only to members.[15] In spite of the signal value of the work of these organizations, they have succeeded only to a limited degree in meeting the needs of the small borrower. The solution lies in legislation which will encourage commercial lending by making sufficiently profitable, under proper safeguards, the conduct of the business within the law.

After a thorough investigation of the problem, the Russell Sage Foundation drafted what is now known as the Uniform Small Loan Law[16] and which, with some variations, has been enacted in twenty-five states.[17] The Act requires the licensing of all lenders making loans of $300 or less at more than the legal contract rate.[18] An annual license fee[19] and a bond of $1000[20] are required. The licensing official may specify the manner in which the books and records are to be kept;[21] and in order to insure observance of the law, he is given power to examine non-licensee's records as well as those of licensees.[22] To protect the borrower, the licensee must comply with specified requirements in the making, collection, and repayment of loans.[23] Chattel mortgages and wage assignments may be taken as security, but no more than ten per cent of each wage payment may be collected from the employer.[24] The Act further permits an interest rate not exceeding three and one half per cent a month on actual unpaid balances. No other fees may be collected unless paid by the lender to a public official for the recording or releasing of security.[25] A charge in excess of the permissible rate avoids the loan both as to interest and principal,[26] and any violation of the Act is a misdemeanor, entailing punishment[27] and possible revocation of the lender's license.[28] Upon a second conviction for charging excessive fees revocation of the license is mandatory.[29]

These provisions indicate that the Act sufficiently protects the borrower and provides for effective supervision. The section which has provoked most criticism is that permitting a rate of interest of three and one half per cent a month. The English Moneylenders Act, while specifying no rate, provides that the court may, if it finds the interest or fees "excessive' or the transaction "harsh and unconscionable," reopen the contract and relieve the borrower from the excess.[30] This statute seems objectionable to the American lawyer in that it permits a court to make over a contract. Moreover, it is too vague[31] and makes uniformity impossible. The Massachusetts statute, recognizing that even among small loans there may be differences in classes of loans and kinds of security, provides for a maximum of three per cent a month and empowers the commissioner to fix lower rates, which may vary according to the type of loan.[32] Such a method is far more flexible than statutory regulation.[33] Yet it clothes the commissioner with great power and probably requires expensive administration.[34] The Uniform Small Loan Law attempts a happy medium. In fixing a rigid statutory maximum, it may be found ultimately to suffer, to a lesser degree, from one of the same weaknesses which has so often been exposed in the traditional usury laws. It may be questioned, moreover, whether uniformity of rate, under the widely variant conditions existing in the United States, is desirable. Nevertheless, the Act marks a noteworthy step forward. The rate of three and one half per cent was agreed upon only after experience and the investigations of an impartial philanthropic organization proved it to be reasonable and proper.[35] It has legalized what ought to be a legitimate business, and the influx of capital which has resulted therefrom has greatly reduced the high charges formerly paid by small borrowers.[36]

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[1] State interest laws may specify: (a) a rate of interest to be applied where the parties have not fixed a rate; (b) a rate to be collected where the judgment of a court includes interest; (c) the maximum rate which a party may contract to pay. For the elements of usury, see 3 Williston, Contracts (1920) §1684. For the applicability of such laws to national banks, see Angell, State Usury Laws and the Federal Reserve Banks (1921) 7 Va. L. Rev. 536; (1925) 11 Va. L. Rev. 488.

[2] The interest laws of the various states may be found in Hubbell, Legal Directory, (1928). The rate varies from 6% per annum in New Jersey to the unusual rate of 30% in Rhode Island. See Ryan, Usury and Usury Laws (1924) 28. For a history of the usury laws, see Webb, Usury (1899) §§ 1-11.

[3] Bentham. Defence of Usury (1787); Calvin, De Usuris Responsum (1579); Dana, Speech in the Massachusetts House of Representatives, Feb. 14, 1867, on the Repeal of the Usury Laws in Dana, Speeches in Stirring Times (1910) 118. The rate of interest depends on many factors: (a) supply and demand of capital; (b) risk; (c) duration of the loan; (d) productiveness of capital in other fields of investment; (e) amount of the loan. These factors cannot be controlled by statutes. But see Smith, The Wealth of Nations (1776) bk. 11 c. IV; cf. Rohrlich, New Usury Law for Old (1925) 57 Chi. Legal News 271.

[4] Ford v. Hancock, 36 Ark. 248 (1880); see State v. Griffith, 83 Conn. 1, 3, 74 Atl. 1068, 1069 (1910); 3 Williston Contracts §1682.

[5] See note 3 supra.

[6] Rates ranging from 10% to 40% a month have been common. Eubank, Loan Shark and Loan Shark Legislation in Illinois (1917) 8 J. Crim. L. 69, 70; see (1928) 6 Proc. Nat. Ass'n Legal Aid Organizations 57, 58.

[7] Smith, loc. cit. supra note 3. Small loans are generally desired for consumptive purposes. The rate on such loans must necessarily be higher than that on commercial loans because (a) the risk is greater, (b) operating expenses are higher, (c) small loan companies receive no deposits and must therefore rely on their own capital. Ham, Small Loan Legislation (1922) 6.

[8] See supra note 3; Warburg, Essays on Banking Reform (1914) 47.

[9] Hilborn, Philosophy of the Uniform Small Loan Law (1922) 2; Ryan, Usury and Usury Laws 122; see State v. Sherman, 18 Wyo. 169, 181, 105 Pac. 299, 302 (1909).

[10] Alabaster, Money-Lenders and Borrowers (1908) xxvii; 84 Hans. Deb. (4th ser. 1900) 731. But see Baty, Bargains with Money Lenders (1906) 7 J. Soc. Comp. Leg. and Int. Law (n.s.) 392.

[11] In Massachusetts alone during the license year ending Sept. 30, 1925, loans amounting to $10,345,070.55 were made by licensed lenders. See Annual Report Supervisor of Loan Agencies (Pub. Doc. No. 95, Mass. 1925) 2. For the year ending Sept. 30, 1927, the loans amounted to $18,349,500.87. Id. at 2-3; see Hodson, Anti-Loan Shark License Laws (1919) 5-6, 10-11.

[12] The small borrower finds it difficult to borrow money from banks or pawnbrokers since he is unable to offer the type of security required. Under the Morris Plan the borrower's note must be indorsed by two persons of good character. The Morris Plan of Industrial Loans and Investments (Ind. Fin. Corp. 1915) 9. Loans are discounted at the rate of 6% per annum plus a service fee of 2% or 3% for each $10 borrowed, the discount and fee being deducted from the loan when made. It has been contended that these companies in fact charge the rate of 19.2% per annum since the loan must be repaid in weekly installments. (1916) 1 Proc. Nat. Fed. Remedial Loan Ass'ns 29. But see The Morris Plan of Industrial Loans and Investments 52-53. Building and Loan Associations are excellent in that they have enabled borrowers to purchase homes and by systematic payments eventually to pay off the mortgage debt. However, loans must be secured by real estate mortgages or the surrender value of the shares owned by the borrower must at least equal the amount loaned. Clark and Chase, Elements of Modern Building and Loan Associations (1925) 198-199.

[13] Cf. Desjardins, the Coöperative People's Bank (1914) 1, 2. But see Carver, Essays in Social Justice (1915) 206.

[14] These associations are organized solely for the purpose of supplying loans to the necessitous borrower. A rate of interest sufficient to pay operating expenses and a small return on the investment is charged. Bergengren, Coöperative Banking—A Credit Union Book (1923) 264.

[15] "A credit union is a coöperative organization which is formed among the members of a industrial, mercantile, social or other group . . . It is organized to encourage thrift and provide members with credit when in urgent need. Sums paid in by members upon shares or on deposits constitute the working capital of the credit union." Coombs, The Credit Union (1922) Year Book Am. Ind. Lender's Ass'n 31, 32.

[16] The Act has been held to be constitutional. Warner v. People, 71 Colo. 559, 208 Pac. 48 (1922); Badger v. State, 154 Ga. 443, 11 S. E. 635 (1922); People v. Stokes, 281 Ill. 159, 118 N. E. 87 (1917); Dewey v. Richardson, 206 Mass. 430, 92 N. E. 708 (1910).

[17] See General Form of Uniform Small Loan Law (Russell Sage Foundation, 1929) 9-11.

[18] Uniform Small Loan Law § 1; cf. (1923) 38 Harv. L. Rev. 993-994. Under § 4 of the Act the license is not assignable. There is no limitation of $300 in the Ohio Statute. Ohio Gen. Code (Page, 1926) § 6346. The statute was held constitutional. Wessel v. Timberlake, 95 Ohio St. 21, 116 N. E. 458 (1916); cf. Commonwealth v. Young, 248 Pa. 458, 94 Atl. 141 (1915) (statute containing a limitation held unconstitutional); Commonwealth v. Puder, 261 Pa. 129, 104 Atl. 50 (1918) (statute with the limitation held constitutional).

Section 20 exempts banks, trust companies, building and loan associations, and pawnbrokers from the provisions of the Act. The Louisiana statute was held unconstitutional for this reason. State v. Jackson, 137 La. 741, 69 So. 158 (1915). Contra Cain v. People's Sala

an Co., 15 Ohio C. C. (N. S.) 173 (1912). the majority of states, pawnbrokers are verned by separate statutes, many of which rmit the pawnbroker to charge a higher te than the small loan company. For the sis of this, see Ryan, Usury and Usury ws 137-138.

[29] The license fee is $100. Uniform Small an Law § 2. This helps to cover the cost supervision. Cf. The Globe Security & an Co. v. Carrel, 106 Ohio St. 43, 138 N. E. 4 (1922) (city permitted to levy occupa- nal tax). For the restrictions imposed upon e use of the license, see §§ 7-9; 2 Op. t'y Gen. Ohio (1915) 1950; Choice of Name Money Lender (1928) 165 Law Times 4.

[30] Uniform Small Loan Law § 3. An addi- nal bond may be required. Id. § 5; cf. J. Comp. Stat. (Cum. Supp. 1925) § 55 4) (bond of $5000 required); N. Y. Banking w (1917) § 342 (bond required equal to e-tenth of the capital stock and not less an $3000); see Hodson, op. cit. supra note at 12.

[31] Uniform Small Loan Law § 11. Records ist be preserved for at least two years.

[32] Id. § 10. An investigation may be made any time. The Missouri statute has a sirable provision which requires that an in- stigation be made at least once a year. Mo. v. Stat. (Minturn, Ann. Supp. 1927) § 932b9; see 1 Op. Att'y Gen. Ohio (1919) 4.

[33] Uniform Small Loan Law §§ 14-15; cf. oson v. Masters, 32 Ga. App. 60, 122 S. E. 4 (1924). Section 12 prohibits the publishing distribution of misleading statements con- ning rates or terms of loans. The English oneylenders Act forbids invitations to borrow the employment of canvassers. 17 & 18 Geo. c. 21, § 5 (1927).

[4] Uniform Small Loan Law § 17; Andrews State, 3 Ohio App. 436 (1914) (taking an signment of wages for three years held a lation of the Act). The wage assignment valid only if the loan is given the borrower ultaneously with its execution. 2 Op. Att'y n. Ohio (1915) 1896. Both husband and e must sign the assignment of wages and ttel mortgage. The constitutionality of this uirement has been upheld. Mutual Loan v. Martell, 222 U. S. 225 (1911); Wight Baltimore & Ohio R. R., 146 Md. 66, 125 . 881 (1294). A copy of the assignment l statement of the amount unpaid on the n, both verified under oath, must be served the employer. Cf. Ohio Gen. Code Ann. age, 1926) § 6346(7) (assignment may be orded); Mass. Gen. Laws (1921) c. 154,

Section 16 declares a purchase of wages ether earned or unearned a loan within the aning of the Act. Palmore v. Baltimore & io R. R., 142 Atl. 495 (Md. 1928) (section d constitutional). A number of states have itted this section, and as a result such sales held not to be within the provisions of the t. Atlanta Joint Terminals v. Walton Dis- nt Co., 29 Ga. App. 225, 114 S. E. 908 922); State v. Mehaffey, 112 Ohio St. 330, N. E. 506 (1925). Contra: Rosenbusch v. ey, 5 N. J. Misc. 312, 136 Atl. 711 (1927).

[5] Uniform Small Loan Law § 13. See 2 . Att'y Gen. Ohio (1917) 1094; London alty Co. v. Riordan, 207 N. Y. 264, 100 N. 800 (1913). A number of states permit s in addition to the interest charge. N. H. b. Laws (1926) c. 269, § 17 (3% per month s a fee); Ore. Laws (Olson, 1920) § 6312. w York has a further restriction in that net nings are limited to 15% of the permanent ital. If more than this is earned, the lender st comply with any order of the commissioner lucing the rate. N. Y. Ann. Cons. Laws um. Supp. 1918-20 §§ 350, 364. No re- rding fees are allowed in Massachusetts. ass. Gen. Laws (1921) c. 140, § 100. The penses of recording are often high. See nual Report Supervisor of Loan Agencies ub. Doc. No. 95, Mass. 1920) 9.

The borrower cannot owe the lender more n $300 at any one time. Going heavily o debt by borrowing from several lenders ould be discouraged. See Report Supervisor Loan Agencies (Pub. Doc. No. 95, Mass. 16) 14.

[3] Uniform Small Loan Law § 13; Davis v. lanta Finance Co., 160 Ga. 784, 129 S. E. (1925); cf. Bailey v. Williams, 155 Ga. 6, 118 S. E. 354 (1923); Kaufman v. hwartz, 183 App. Div. 510, 170 N. Y. Supp. 8 (1918). The tendency of modern legis- ion has been to make usurious contracts il- al only as to interest. 3 Williston, Con- cts § 1683.

[7] Uniform Small Loan Law § 14.

[28] Id. § 6.

[29] Ibid.

[30] 63 & 64 Vict. c. 51, § 1 (1900), amended 17 & 18 Geo. V, c. 21, § 10 (1927); see opening "Harsh and Unconscionable Trans- ions" (1924) 58 Irish L. T. 65. If a rate ceeding 48% per annum is charged, the rate is presumed to be "excessive" and the trans- action "harsh and unconscionable."

[31] Matthew, Money-Lending (1906) ix; Ryan, Usury and Usury Laws 162-64; see 84 Hans. Deb. (4th ser. 1900) 694.

[32] Mass. Gen. Laws (1921) c. 140, § 100. The Massachusetts commissioner has fixed the rate on three classes of loans: (a) loans se- cured by Liberty Bonds, 1% a month; (b) loans secured by real estate, 2% a month; (c) all other loans, 3% a month.

[33] The Massachusetts plan is symtomatic of the present widespread resort to administrative tribunals in many fields, and may well presage the ultimate solution of the problem herein discussed. On this subject, see Pillsbury, Ad- ministrative Tribunals (1923) 36 Harv. L. Rev. 405, 583; Pound, The Growth of Adminis- trative Justice (1924) 2 Wis. L. Rev. 321.

[34] Ryan, Usury and Usury Laws 165.

[35] It is clear that the rate must not be too low. The rates of 2 and 3% a month were found inadequate. Bergengren, op. cit. supra. note 14, at 267; Ham, Small Loan Legisla- tion 5-6. It has even been suggested that for unsecured loans under $50 an increase of 1½% a month should be permitted. Annual Report Supervisor of Loan Agencies (Pub. Doc. No. 95, Mass. 1920) 7-8; see Hodson, The Fair Rate of Interest for Small Loans (1923).

[36] See (1923) 23 Col. L. Rev. 484, 487; cf. Ideal Anti-Loan Shark Statute (1919) 10 J. Crim. L. 129.

TENNESSEE

The regular quarterly meeting of the Tennessee Industrial Lenders Association was called to order at 10:25 A. M. Thurs- day, March 7, 1929, by chairman William Richards.

The following members responded to roll call:

The Small Loan Trust Company, Bris- tol.

Lincoln Loan Company, Chattanooga.

Personal Finance Company, Chatta- nooga.

Beneficial Loan Society, Jackson.

Richards Loan Company, Knoxville.

Personal Finance Company, Knoxville.

Hermitage Loan Company, Memphis.

American Loan Company, Memphis.

Lincoln Loan Company, Memphis.

Lincoln Loan Company, Nashville.

Personal Finance Company, Nashville.

The minutes of the last meeting were read and upon motion by C. G. Liggett, seconded by R. S. Manford, they were accepted as read.

Upon motion made by R. S. Manford, seconded by C. G. Liggett, it was agreed that Attorney Shriver be employed by the Tennessee Industrial Lenders Association to act for them in the case of Rogan vs. The Small Loan Law.

The resignation of M. F. Snyder as chairman of the Executive Committee was approved and upon motion by C. R. Gage, seconded by R. S. Manford, C. G. Liggett was appointed in his place.

Reports from the Vigilance Committee were made by R. S. Manford of Nash- ville, E. J. French of Memphis, and J. M. Arnold of Jackson. These reports from the Vigilance Committee were the impetus to general discussion covering the subject.

The report of the Membership Com- mittee was made by E. J. Franck, chair- man of that committee, who submitted the application of the Small Loan Trust Company of Bristol, Tennessee for mem- bership. This application was unanimous- ly accepted.

The Chairman announced adjournment for luncheon.

Luncheon

The luncheon was served in the Ball Room of the Hotel. Several guests, other than members, were present and gave instructive and enthusiastic talks as called upon by Toastmaster C. G. Lig- gett. Chief among these were Mr. Grigsby, of the State Banking Depart- ment, Mr. Rutherford, a Small Loan authority of Louisville, Kentucky, and Mr. Shriver, the noted legal authority of Nashville, Tennessee. Caseon and Griz- zard, noted radio artists, supplied ex- cellent entertainment during the course of the luncheon.

Afternoon Session

The afternoon session was given over mostly to general discussion concerning Legislative and Operative discussion. Excellent light was cast upon these sub- jects by Mr. Stokes and Mr. Ridenour of Indianapolis, as well as other members present. It was moved by C. G. Liggett, and seconded by M. G. Stokes, that the secretary mail to each member, ten days prior to the next meeting a letter stating the prospective amendment to Section No. 9 of the Constitution of the Tennessee Industrial Lenders Association. The terms of this amendment to be that the rate of dues be changed from $20.00 per

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The resignation of Secretary P. A. Hodge was read and accepted. The chairman appointed C. R. Gage to act as temporary secretary.

Upon motion of C. G. Liggett, seconded by M. G. Stokes, the meeting adjourned, to convene again in Chattanooga on Thursday, June 6, 1929, at which time E. D. Hostettler and E. H. Sweeney are to serve as the committee of arrangements.

W. B. RICHARDS,
Chairman.

C. R. GAGE,
Acting Secretary.

RHODE ISLAND

(Concluded from page 10.)

Secretary reported on Membership in good standing. Report was approved.

Membership Committee reported favorably on one applicant.

Law and Legislation Committee—A resolution was read and its passage was recommended by this committee.

Amendments—Mr. Harry G. Neals.

Amendments were then taken up.

Amendment No. 1.—I move to rescind the Constitution and By-Laws of this Association.

This Amendment was lost, failed to be seconded.

Amendment No. 2.—I move to amend Section 3, Article 7, of the Constitution by Striking out the word "two-thirds" and inserting five-sevenths."

Second motion, same section and Article.

I also move that the words "Who are present" be stricken out. This motion was seconded by Mr. Lewis, it was finally approved and passed.

Amendment No. 3.—I move that Section 3 of Article 10 of the Constitution be stricken out and the following paragraph substituted for it.

"All contracts and obligations involving the expenditure of money shall be void unless the money is actually in the treasury and so appropriated."

Upon being seconded by Mr. Dwight, it was approved and passed.

Amendment No. 4.—I move that the word "four" be stricken out of Section 3, Article III of the By-Laws, and the word "five" be inserted.

Was seconded by Morey and approved and passed.

Letters were then read by secretary.

Chairman Arthur Pomfret gave an account of the meeting of State Chairman recently held in New York.

It was voted that Treasurer be authorized to reimburse Chairman Pomfret for expenses incurred relative to this trip.

Resolution of the Law and Legislation Committee was then taken up.

Mr. Neal moved for its adoption.

Mr. Delaney seconded the motion.

This resolution was then favorably voted upon and ordered presented to the proper authorities.

ELECTION OF NEW MEMBERS

The application for membership of the M. A. C. Plan, of Providence, was favorably considered and they were duly elected to membership.

There being no further business, meeting adjourned.

E. LAGUEUX, *Secretry.*

YEAR BOOK WANTED

The Secretary is in receipt of a request from one of our subscribers for a Year Book for the year 1922. If any member has a copy of this Year Book and would like to part with it for $1.00, please communicate with the Secretary. Do not send the book until you have written the Secretary.

SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

General Form, Uniform Law. 5c per copy.

Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industrial Loan Business, by Hon. A. R. Robinson. 5c per copy.

Illinois Supreme Court Decision. 5c per copy.

Pennsylvania Supreme Court Decision. 5c per copy.

Ohio Supreme Court Decision. 5c per copy.

Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by Dr. F. W. Ryan. 5c per copy.

The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Making Credit Available for All. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A. $1.00 per copy.

Opinions of Importance, compiled by Paul V. Hough. Price $2.00 per copy.

Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Business, by Senator John Dailey, Peoria, Ill.

Modern Scientific Efficiency and the Business of Industrial Banking, by Chas. G. Mueller, Philadelphia, Pa.

Building Your Business on Good Will, G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Mueller, Philadelphia, Pa.

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership i State and National Industrial Lende Associations, by E. F. Moore, Philade phia, Pa.

Industrial Lending as a Communit Asset suitable for a lecture before publi welfare organizations. Ten cents pe copy.

How to Organize a Lenders Exchang Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, b Elizabeth G. Stern.

Report of the Interim Committee the Minnesota House of Representativ on Small Loan Legislation. Ten cen per copy.

Please remit cash, money order check for any of the above articles d sired, to the American Industrial Lende Association, Box 778, Harrisburg, Pa.

EDUCATING THE PUBLIC BY RADIO

Many of our members are impresse with the great possibilities of educati the public in regard to the necessity the Small Loan Business and the ne of adequate legislation for its regulatio These possibilities have been accentuate recently by the radio talks given b Burr Blackburn in connection with th maintenance of the existing Wiscons law and by Reginald Heber Smith, wh on April 2d, in a series of talks give under the auspices of the American Ba Association on the "Fundamentals of th Law," discussed "Justice for the Poor After pointing out the difficulties that poor person without money, friends influence has in getting justice in th courts and the valuable work being do by the Legal Aid Societies throughou the country in helping the poor man the Bar, Mr. Smith pointed out that we it not for the fact that the Russell Sa Foundation through its Department Remedial Loans, had interested itse some years ago in promoting legislati for the purpose of regulating the Sma Loan Business and providing a fair ra for loans made to persons without ba credit in some twenty-five states the po of all the states would still be payi from 100 to 1000% per annum for the necessary financial accommodations.

VIRGINIA

The regular quarterly meeting of t V. I. L. A. will be held at the Geor Mason Hotel, in Alexandria, Virgi on Thursday, April 18, 1929.

Subjects of importance to you will handled at this meeting. Among the is the proposed amendment to the B Laws and Constitution, regarding the r vision of dues in which we all are co cerned. It is as follows:

"Article 7, Dues, *Section 1.* The a nual dues of a member shall be the su of $2.50 per thousand of average lo balance outstanding during the prece ing calendar year provided that su dues shall not be less than $25.00. Av age Loan Balance is obtained by addi the sum outstanding in loans at the e of each month for the year and dividi the total by twelve. *Section 2.* Me bership dues shall be payable ser annually in advance on February 1st a August 1st to the Secretary with notice.

The meeting will convene at 10 A. with adjournment for luncheon at 12: P. M. following which is the regular a ternoon session.

A Meilicke Calculator in any loan office is an indication of fairness and efficiency

The Combination Time and Interest Calculator

No task should be done in one way that can be more economically done in another

Can you rely on others to figure time and interest ACCURATELY?

Are the operatives in your office the kind you feel must be *checked up* for fear they will make mistakes in figuring time or interest on loans?

If such be the case, you are handicapped. It's not your cashier's or anyone else's fault; it's *yours!*

For errors creep into *mental* labor more readily than physical. And it's natural for a loan office principal to feel that, if he first verifies the interest or elapsed time on a loan, his organization is just so much more efficient.

But that's a mistaken feeling! To prove it, step into almost *any* successful loan office. You'll *never* see a principal "checking up" on cashiers! The entire process of business will be running like a well-oiled machine. Mistakes and delays are unknown; speed and accuracy here are watchwords.

For each cashier will be depending on Meilicke Time and Interest Calculators for answers, rather than himself!

The Time Finder

est on, during the course of their work.

There is nothing mechanical to them; no levers to pull or buttons to push. No guesswork in their operation; it's simply a matter of opening the Calculator to the number of days in the duration of a loan, and finding a table of *all answers* at *your rate of interest,* on the principle.

Or by referring to the Meilicke Time Finder and determining *at a glance* how many days elapse between any two dates in the year.

Try One in Your Office at Our Expense

If you will let us know your interest rates on the coupon below, we will send you the Calculator you need *free* for 30-days' trial.

Do You Know What They Are?

Meilicke Calculators are simply tabulated systems of answers to various rates of interest on any sum your clerks ordinarily figure inter-

The Collector's Pocket Calculator, now made at any rate.

Meilicke

Time Saving Devices

Meilicke Systems, Inc.
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Please send us, on 30-day free trial, a Time and Interest / Interest / Time / Pocket Model Calculator*—for—%.

Firm .....

Address .....

Attention of .....

*Strike out words not applicable.

These Calculators are made for the following rates: 1½%, 2%, 2½%, 3%, 3½%.

Name the kind you want, and tell us the rate. We will quote you a special price.

Annual Report of the Massachusetts Supervisor of Loan Agencies

For the License Year Ending Sept. 30, 1928

The report of the Supervisor of Loan Agencies for the license year which terminated September 30, 1928, is submitted herewith, in compliance with Section 98, Chapter 140, General Laws. This is the fifteenth public report of the activities of the Bureau of Loan Agencies.

One hundred and thirty-three lenders were engaged in the business of making loans of $300 and less under the supervision of this Bureau. This includes twenty-one Morris Plan Companies and the three companies specially chartered by the legislature.

Seven agencies licensed for the year ending September 30, 1927, were not licensed in the year ending September 30, 1928. Twenty-seven new licenses were granted. The new licensees are:

Atlas Finance Corporation, at Boston.
Allan A. Hooker Company, at Boston.
Beneficial Loan Society of Dorcester.
Beneficial Loan Society of Lynn.
Boston Finance Company, at Boston.
Citizens Finance Corporation, at Framingham.
Employees Finance Corporation, at Boston.
Hill Crossing Association, at Boston.
Hub Finance Company, at Boston.
Ideal Financing Association, at Attleboro.
Ideal Financing Association, at Quincy.
Ideal Financing Association, at Waltham.
Industrial Bankers of Brockton.
Industrial Bankers of Quincy.
Industrial Bankers of Salem.
Industrial Bankers of Taunton.
Industrial Bankers of Waltham.
Industrial Loan Company of Springfield.
Lynn Loan Company, at Lynn.
M-A-C-Plan, Inc., of Fitchburg.
M-A-C-Plan, Inc., of Worcester.
National Loan Society of Cambridge.
Public Finance Corporation, at Milford.
Personal Finance Company of Springfield.
Springfield Finance Company, at Springfield.
Tremont Finance Company, at Boston.

The Uniform Small Loan Law, in operation in many of the states and drafted by the Division of Remedial Loans of the Russel Sage Foundation, an endowed New York philanthropy, permits a maximum charge by a licensed lender of 42 per cent per annum, or 3½ per cent per month. Massachusetts was a pioneer state in loan legislation and its Small Loans Law, enacted in 1911, and amended in later years, permitting a maximum charge to licensed lenders of 3 per cent per month, or 36 per cent per year, has met a constantly increasing demand for licenses. This was prior to the adoption of the Uniform Law by other states. This indicates that, even at a lower rate than that permitted in many states, the licensed lender is anxious to do business here and finds the strict and continuing supervision of his business by this commonwealth in compliance with the law, by detailed weekly reports of all loans made and discharged, monthly and annual statements of the condition of the business, and prescribed systems of accounting, a helpful and healthy guarantee by the state of its coöperation in allowing the business to expand and extend along legitimate lines.

The licensed and chartered offices made a total of 205,386 loans of $300 and less, amounting to $21,715,605.94. Of these, the three chartered companies made 78,472 small loans, amounting to $4,463,-331.15. The twenty-one Morris Plan Companies made 51,119 loans of $300 and less, amounting to $7,875,648.07. The other one hundred and nine licensed agencies made 75,795 small loans, amounting to $9,376,626.72. These figures show an increase of $3,366,105.07 in excess of the amount of money loaned under the Small Loan Law in Massachusetts in 1927: an increase of $6,048,772.38 over 1926, and an increase of $7,427,602.70 over 1925. There were 99,802 loans discharged or liquidated during the license year. Loans to the number of 941 and aggregating $64,017.30 were reported as having been charged off as uncollectable. The working capital engaged in the business September 30, 1928, was $17,414,140.66. It is an interesting gain for industrial lending as a licensed business, in view of the great expansion of credit unions under the 1926 Credit Union Law.

A painstaking attention to all requests for information, complaints of borrowers and personal inspection of licensed offices by the Supervisor, together with suspension of licenses, where abuses existed, the coöperation of the lenders through their state association, and their watchfulness in reporting any evidence of illegal loans have helped to place Massachusetts high among the states regulating the small loans business. The supervision here is rigid, and the violations of the law are drastically dealt with. The entire work of State Supervision has been carried on up to this time with an increased force of only two additional since the Bureau of Loan Agencies was established in 1912.

The determination of the Massachusetts Industrial Lenders Association to do everything within its power to compel observance of the laws governing small loans in Massachusetts, by coöperating, to the best of its ability, with public officials, indicates that this association finds our Small Loan Law fundamentally and economically sound, and that such a law is in the interest, and for the welfare, of all the citizens of the Commonwealth who borrow small sums. This Association pledges itself to a strict compliance with the law in spirit and letter: to the performance of every effort to make industrial lending a beneficial public service and to work for the constructive problems which confront its business, so that the law, or any amendment thereof may be supported and preserved as a recognized part of the economic structure of this State. Through its vigilance work in suppressing unlawful lending, calling to the attention of the Supervisor violations of the law, whenever occurring, and by prosecution of flagrant cases, the Association is helping to make Massachusetts supervision most effective. The amount of lendi at unlawful rates that comes to the tention of the Supervisor is small, a complaints are few in comparison to volume of business.

Information to the borrowers is giv willingly at all times, all complaints investigated, and redress is secured the borrower where merited.

There has been a growing tender among some lenders to use the wo "Bank" or "Banking" on their sh windows, letterheads, and advertisi matter. Section 12 of Chapter 167, G eral Laws, explicitly prohibits the of these terms by other than legally corporated banks, and the offices wh are licensed under Sections 96 to 1 inclusive, of Chapter 140, General La for the purpose of conducting a sm loan business in no way can be constru as conducting a banking business. Wh these words occur in connection with small loans business it is without thority from the Supervisor, and sho at once be called to his attention. has not been the policy, nor is it intention of the Supervisor of Lo Agencies to permit the use of the wo "Bank" or "Banking" in connection w the licensed small loans business. It the wish of the Supervisor for imm diate compliance by all licensed lend with this request, irrespective of technical question that might be rai under the wording of Sections 12 13 of Chapter 167, General Laws.

One of the greatest faults of the censed agencies up to the present ti has been a failure to educate the pub mind in the matter of small loans. Eigh five per cent of the people in the Uni States are affected by small loans. Russell Sage Foundation estimates t the need for small loans is likely amount to $500,000,000 annually. H is that need to be met any better th under the present plan of private cap with the maximum interest rate fi by law, and a lower rate left to co petition? There seems to be no m practical way by which a lower r can be obtained more cheaply, unless lenders get their capital, which must raised by public financing, in the o market. This depends upon public rec nition of the merit, decency, and saf of the business.

Automobile financing has presented r problems to the Supervisor. So ma inquiries have been received as to whet these operations came within the sc of the law, that it is desired at this ti to make it clear that where a loan given, secured by a chattel mortgage an automobile, it is clearly a loan tra action. Where it is a transaction finance the purchase of a car by inst ment payments, it is not a loan.

The financing of insurance premiu has also raised a question as to whet when the amounts are $300 and unc these transactions come under the p visions of Sections 96 to 114, inclusi of Chapter 140, General Laws.

The Attorney-General states: "I of the opinion that the plans to wh you refer . . . do not relate to 'loa within the meaning of G. L., C. 1 Ss. 96 to 114, inclusive, but are in nature of agreements for the extens of credit for the policies of insura actually purchased by the maker of note, and, as such, are not within provision of said G. L., C. 140, Ss. to 114."

The income to the Commonwealth from he license fees continues to exceed the xpenditure of the Bureau of Loan Agenies. For the fiscal year ended Novemer 30, 1928, license fees to the amount f $16,200 had been received, while the otal expenditures of the Bureau were 9,681.97, a net gain to the Commonvealth of $6,518.03.

In the tabulations and the tables of tatistics which are appended to this eport, licensees are referred to as doing secured, an unsecured or a mixed busiess. The distinction in these classificaions is as follows:—secured loans are hose where the security is a duly reorded mortgage, or assignment of vages; unsecured loans are endorsed or ingle name notes, those loans where the ecurity, such as a stock or bond certifcate, bank book, or other collateral is iven, where there is no expense to he lender. Those lenders classified as oing a mixed business make loans on oth recorded and unrecorded mortages, and assignments of wages, as well s endorsed or single name notes.

Respectfully submitted,

EARL E. DAVIDSON,
Supervisor of Loan Agencies.

CHARGES SALARY BUYERS NCITE ATTACK ON MISSOURI LOAN LAW

L. C. Harbison of Lenders' Association says his group spent $3000 in 1927 for Bill—Defends Measure.

In view of the charges of a slush fund aving been used in connection with enctment of the uniform small loan law n Missouri in 1927 the Post-Dispatch sked L. C. Harbison of Chicago, who as chairman of the legislation committee of the American Industrial Lenders ssociation and is president of the Household Finance Corporation, for a statement concerning the activities of that ssociation and received the following eply:

Chicago, March 26, 1929.

I have been away from the city for hree weeks and am quite out of touch vith developments in Missouri, but will ndeavor to answer your telegraphed inuiries at once. I am not fully advised f what prompted these inquiries, but asume that they arise from the present ttempts to discredit the Missouri uniorm small loan law and licensed lenders perating under it.

For over 14 years and in now more han 24 states this law has had the support of prominent, well-informed social nd civic agencies, large employers, labor odies and eminent economists, jurists nd public officials. It has practically liminated the age-old loan shark and as been the only effective remedy yet levised. In fact, the high-rate lenders whom this law has put out of business re at the bottom of the only serious pposition. Naturally, those who have een outlawed are strenuous in their pposition to the statute which deprives hem of the power to gouge and oppress eedy borrowers.

LEGITIMATE AND NECESSARY

Those operating under the law in the ndustrial centers of the country are ecognized as legitimate and necessary gencies for providing credit to small orrowers without bank credit at the owest possible interest rate.

The present situation in Missouri is entirely unprecedented. An intelligent understanding of it requires knowledge of many past and present facts. So much misinformation has been circulated that the public is entitled to know the truth. In justice to all, such facts should be fully and accurately stated by an official body qualified to speak with knowledge and authority.

The Executive Committee of the American Industrial Lenders' Association (A. I. L. A.) will meet in April and I will ask them to prepare and issue a statement covering the developments which have culminated in the recent attacks on the Missouri small loan law.

In the meantime, while I am not authorized to speak for that body, I will make a brief personal statement of the facts underlying this situation.

The uniform small loan law is the result of over 20 years of research and experience by disinterested agencies, as well as decent lending companies, who have not only sought a remedy for the destructive practices of loan sharks, but also have sought to create an agency to provide credit facilities for 80 per cent of our population without bank credit.

The only method which has actually worked has been to allow State-regulated agencies to do a carefully supervised lending business at a limited interest rate so much lower than the loan-shark rates that the substitute eliminates the evil through natural causes.

The uniform small loan law, morover, provides severe criminal penalties for violations and contains prohibitions of fees, bonuses, confessions of judgment, discounting in advance, and other subterfuges by which usurers have always operated. The rate of 3½ per cent is only a maximum limit. Many concerns loan at must less. The corporations of which I am president, loan at a maximum of 2½ per cent. Economic laws fix the rates in each transaction as in commercial lending.

AS LONG AS CUPIDITY EXISTS

As long as the cupidity of man exists, there will be persons who attempt to oppress needy small borrowers. Lenders licensed under the uniform small loan law have always tried to assist in preventing usury and violations of the law. Is it necessary and right that we should help to keep the business clean in the states which have the law. Licensed lenders are loaning money for provident purposes at the very lowest interest they can charge and still stay in business. If we cease to do so, or permit oppressive practices, needy persons will be compelled to borrow at from 10 per cent to 20 per cent per month as they have always done in the past.

Ten or 12 years ago there developed a usurious lending business disguised as the buying of earned salaries and wages. It spread rapidly and five or six years ago it came into some of the enlightened states having the uniform small loan law. Licensed lenders operating under the uniform small loan law were called upon by social agencies and public officials to assist in stamping out this evil. The fight has been long and difficult; its history would fill a volume. An aroused public has driven salary buyers from most of the states which have the law. Their offices have been raided; their employes and principals have been indicted and convicted in several cases. Some of them are still fugitives from justice.

Many large employers of labor (notably railroads) have refused to honor their wage assignments and thus deprived them of victims. Several Supreme Courts have held their so-called "purchases" to be mere devices to camouflage loans and evade usury laws. A statute has been prepared declaring these "purchases" to be loans and the Maryland Supreme Court recently held it constitutional. prior to this decision the special statute (called Section 16) was not offered generally for passage by Legislatures as it was thought unwise to do so until its validity had been firmly determined. Section 16 is now up for passage by several State Legislatures.

These developments have deprived salary buyers of a large income. They are now making a desperate effort to stave off defeat. They are rich, resourceful and vindictive. They have made open threats to destroy the uniform small loan law which is putting them out of business, and to ruin the interests which operate under the law. All this is perfectly natural and understandable.

CLEVER AND INSIDIOUS

They have used clever and insidious methods in attempting to undermine and discredit the uniform small loan law and those operating under it. They have tricked perfectly upright people into assisting their program by misrepresentations and false statements. They have originated all sorts of propaganda to becloud the fundamental issue (which is the real merit of the Missouri small loan law) by diverting attention to superficial matters. They have flooded several states with anonymous literature. The result has been a confusion of issues which has actually deceived many honorable and disinterested persons.

If the people of Missouri knew the real causes of this agitation as we do, they would not stand for the emasculation of the very law which will ultimately clean up the situation. To do so would be to play the loan sharks' game exactly as they want it played.

Answering specifically your telegraphed questions in the order asked, I will say:

The A. I. L. A. has occasionally appropriated a sum of money to defray the expenses of a campaign to pass the small loan law in a state where remedial legislation is urgently required. Campaigns of this kind are often conducted entirely by local or national agencies without the participation of licensed lenders and in such cases no appropriation is made.

Three thousand dollars was appropriated for Missouri in 1927 and expended for the employment of attorneys in drafting the law, and for attorneys and others to present the matter before the Legislature, for traveling expenses, telephone and telegraph tolls, and similar items, and for the preparation, printing, and distribution of educational literatue.

Since the passage of the Missouri law, attorneys have been employed by the A. I. L. A. to assist in the campaign against salary buyers being waged by the Better Business Bureau and other agencies. Various lenders have contributed the services and traveling expenses of their employes in the same work. I cannot state the extent of such expendi-

tures, but know that considerable work has been done.

At present several individual lenders and the A. I. L. A. are represented in Missouri by attorneys who are endeavoring to present the case to the public and to the Legislature. These attorneys will receive customary fees and expenses for such work. Civic and social agencies are likewise defending the integrity of this law, probably through their attorneys, but I can give you no information about such expenditures.

INDICATIONS OF LOBBY

As to expenditures by those opposing the law, I believe them to have been large. There are indications of an extensive "lobby" continuously at work directly or indirectly on behalf of salary buyers or because of their past activities in stirring up agitation.

Regarding your reference to a grand jury investigation, I know nothing about this beyond vague rumors. I do not know enough about it to make intelligent comment. There has been nothing to conceal in the lenders' activities, and I cannot pay attention to malicious gossip or irrelevant rumors. The real issue is the merit of the Missouri Small Loan Law and nothing should becloud it.

I have no knowledge or intimation whatsoever of a single penny having been spent by or through or on behalf of the licensed lenders or any of their affiliations or connections for illegal, improper, or corrupt purposes and do not believe anything of this kind was done.

It is necessary to add that certain salary buyers have started a questioned law-suit against the Better Business Bureau of St. Louis, its officials, and several lending companies and individuals, including myself. This suit demands large damages for a "conspiracy" to ruin their business and it also contains a mass of vague charges apparently inserted for publicity purposes. Our attorney, together with officials of the Better Business Bureau, brought the pleadings to the attention of the attorney-General last October when the suit was started. We know if nothing that was done about it. probably because the real motives for such statements were apparent.

While this suit is a palpable attempt to embarrass and has been used merely as the basis for "fishing expeditions" and publicity, nevertheless, it is a regular law suit which must be defended. On advice of our counsel, I shall have to refrain from making any statements which might prejudice any of the defendants in this suit by premature disclosure of our defense or of counter steps which we contemplate. Subject to this necessary limitation, I shall be glad to assist any worthy agency engaged in a bona fide effort to determine the real merits of the Missouri small loan law or to punish violators thereof.

L. C. HARBISON.

LEGISLATION

Illinois—S. B. No. 322 has been introduced by Michel on March 27, entitled "Amend small loan act to require employer to sign assignment of wages."

Maine—S. B. No. 440 making the issuance of small loan licenses discretionary was passed by the Senate on March 26th.

S. B. No. 469 which, in its original form, increased the annual license fee to $100, has been amended to provide a license fee of $100 for loan offices of $20,000 or less plus $100 for additional twenty thousand or fraction.

Leon Henderson attended a hearing of the Joint Banking Committee on April 2d which is considering a reduction in rate. No action was taken pending a further investigation into the net earnings of licensees.

Maryland—S. B. No. 395 which amends Section 19 of the Maryland Small Loan Law, altering the amount of the fee allowed to be charged by certain banks and other companies was passed by the Senate on March 29th.

Missouri—H. B. No. 579 which adds Section 16 to the Act was passed by the House on April 2d.

H. B. No. 227 repealing the Small Loan Act was passed by the House on that date.

Minnesota—H. B. No. 970 which is our Uniform Small Loan Bill was introduced by Mackenzie on March 25th.

New York—The New York bills to bring the Personal Loan Law of the State into conformity with the features of the Uniform Law failed to pass although the bills were unanimously passed by the Senate. At the last moment, the bills were killed in the Rules Committee of the House, chiefly at the instance of N. W. Cheney, Chairman of the Banking Committee. His real reasons for such action will probably never be known, but it is highly possible that he objected to the Baumes Commission drafting banking legislation. The opposition of Mr. Cheney was not known until the last moment.

Pennsylvania—H. B. No. 761 which prohibits additional loans until previous loans are paid was recommitted on March 25th.

H. B. No. 1203 reducing the rate to 2% has been recommitted to the Banks and Banking Committee on April 1st.

ILLINOIS

The 12th Annual Banquet of the Illinois Industrial Lenders Association will be held April 25th in Chicago, in the Florentine room of the Congress Hotel. Business meeting from four to six P. M., and dinner at seven P. M.

Speakers will be J. H. Hudson, of the Illinois Chamber of Commerce and Burr Blackburn of Madison, Wisconsin, who is making a study of the Social Effect of the Wisconsin Small Loan Law.

The program has been carefully arranged to assure an unusual and successful evening, and the banquet will be followed by dancing till the "Wee Sma Hours."

Every member of the A. I. L. A. and I. I. L. A. is invited to our party.

Special announcements will be mailed to Illinois members.

J. H. SANDERSON,
Secretary.

A. I. L. A. AT WASHINGTON

The A. I. L. A. will be represented by President G. J. Badger, Jackson Collins, Dr. L. N. Robinson, William Young and L. K. Osborne at the annual meeting of the United States Chamber of Commerce which will be held in Washington, D. C., April 29th to May 2d.

It is the purpose of our group to suggest to the authorities of the National Chamber the advisability of taking up in their coming year's work certain phases of our work.

FLORIDA

The regular quarterly meeting of t Florida Industrial Lenders Associati was held at the offices of the Perso Finance Company, 308 Tampa Theat Tampa, Florida, Friday, March 22, 19

In the absence of Chairman Re Vice-Chairman W. C. Tinsley served chairman and called the meeting to or promptly at 2:30 p. m. The followi members were in attendance and a swered to roll call: W. C. Tinsley, the Mutual Finance Company of Tamp A. T. Remilen, of the Franklin Fina Company of Tampa; Charles Sense of the Domestic Finance Company Tampa; C. S. Phillips, of the Benefic Loan Society of St. Petersburg; Alfr Lovesky, of the Personal Finance Co pany of Miami; R. T. Baseman, of t Personal Finance Company of Jackso ville; J. J. Gallagher and A. T. Sanch of the Personal Finance Company Tampa. We were also happy to welco as our guests: P. C. Hess, of the Be ficial Operating Bureau; M. L. Dob of the Beneficial Operating Bureau; D. Kinnett, of the Acme Finance Co pany of Jacksonville; J. Englert and White, of the Remedial Loan Compa of Tampa; also Mr. David H. Fin Educational Director of the Industr Lenders Technical Institute.

The minutes of the previous meeti were read and on motion, approv The treasurer reported a balance $367.91, with all bills rendered, pa The secretary reported a total of twe licenses in the state, of which nine members in good standing. He a briefly outlined a plan whereby he h written all members, in order to ha them contact non-members and inter them in membership; this was gone i and a report asked of each member. T following reports were received: A. Remilen reported having contacted Remedial Loan Company of Tampa secured their application. R. T. Ba man of Jacksonville, reported having c tacted all licensees in Jacksonville, be successful in obtaining the application the Acme Finance Company of that c After checking up, it was decided th was considerable work to be done, Chairman Tinsley appointed A. T. Re len as chairman of the Membership Co mittee, instructing him to appoint his workers and receive regular reports fr them.

Chairman Tinsley of the Vigila Committee had no report to offer, stressed the importance of this work. pointed out that all members were m bers of this committee, and asked t they keep him informed of any devel ments.

It was then called to the attention the members that this day was the oc sion of the annual banquet. Chairm Tinsley of the Entertainment Commit reported having rounded up a pretty program, of which a copy was submi to the members. He also reported hav contacted local newspapers; they pr ised to have a reporter at this meet also at the banquet. The secretary ported having sent out invitations to licensed lenders, regardless of their ing non-members. He also pointed the value of inviting directors of diffe companies. After much discussion was decided this banquet would be bi and better than the previous one.

M. L. Dobyns of the Beneficial Operat-
g Bureau, briefly told the members of a
oblem that Jacksonville was confronted
th, and asked that we tell him just what
ccess we have had, thus far, with our
change. Chairman Tinsley then opened
cussion which included every Tampa
ember; they pointed out the many ad-
ntages and helpfulness received through
s exchange. Chairman Tinsley told
members the Association went on
cord of being in favor of organizing an
change in all cities where there are
re than two offices, that a more helpful
vice might be rendered the borrower.
was then decided by M. L. Dobyns
d R. T. Baseman, manager of the Jack-
nville office, they would interview other
ensees in Jacksonville and immediately
set plans for the organizing of an ex-
change in that city.

The Membership Committee submitted applications of the Acme Finance Company of Jacksonville, and the Remedial Loan Company of Tampa, were voted upon. The applications of these two companies were accepted and they were made members.

Chairman Tinsley then called the attention of the members to the electing of new officers, which was to take place at this meeting. A committee of three consisting of P. C. Hess, C. S. Phillips, and Charles Senseny, were then appointed. They excused themselves and went into a secret conference, returning shortly, and submitted the following nominations: W. C. Tinsley, Chairman; A. T. Remilen, first Vice-Chairman; Sol Jacobs, second Vice-Chairman; Alfred Lovesky, Secretary; C. S. Phillips, Treasurer, which were submitted to the members to be voted upon. On motion made by Charles Senseny, seconded by Mr. Remilen, the nominations were accepted as chosen, and unanimously elected.

The secretary, J. J. Gallagher, proposed that Mr. D. H. Finck explain briefly to the new members the advantages of the state association membership. Mr. Finck's response was very instructive and thorough, and he was tendered a rising vote of thanks by the members.

There being no further business to come before the members, on motion made and seconded, this meeting was adjourned.

J. J. Gallagher, *Secretary.*

Conclusions Reached by the Kansas City Committee on the Loan Shark Problem

The committee, after an extensive
dy of conditions locally, reached the
lowing general conclusions:

The loan shark system, with its minimum interest rate of 20% a month, is a cause of great economic waste in industrial communities.

It destroys family credit and reduces the standard of living.

Its vicious collection system impairs the efficiency of workers.

It keeps borrowers in debt, amounting to virtual slavery.

It is a strong contributing cause to poverty and suffering.

2. The greatest progress in curbing the loan shark has been made in those states in which the Uniform Small Loan Law, drafted by the Russell Sage Foundation, is effective.

It attempts to solve an economic problem in an economic way.

It provides for licensing and state supervision of lenders.

It limits interest rate to 3½% a month on unpaid balances.

It helps individuals to get out of debt through systematic repayments.

The Uniform Small Loan Law is on the statute books of twenty-six states. It has been in effect in Missouri for two years. (Page 252, Missouri Laws, 1927.) The law has been of great benefit in curbing the activities of the loan sharks who formerly charged interest of 20% a month, or more, under the guise of buying salaries. That the Uniform Law has worked satisfactorily in other states is shown by comments given further on in this report.

WHAT IS THE UNIFORM SMALL LOAN LAW?

t has been estimated that not more than
% of the people of the country have
nking connections through which loans
n be obtained. Perhaps 15% more of
population best may be assisted in
ies of temporary distress through
ritable institutions. The remaining
%, comprising the great middle class
the American public, are employed
re or less regularly, are economically
ependent and desire to remain so. To this class of people in case of sickness, deaths, births, unemployment and similar emergencies, the needs of borrowing small sums of money are as real and as vital as are those of his more well-to-do neighbor who is able to go to his bank and with little or no difficulty obtain a loan to cover his temporary needs.

The Uniform Small Loan Law represents an effort to put the business of making small loans upon a definite, legal, commercial basis. The law is simple in form and in theory. It authorizes any person to obtain a license from the state, under which he may make loans of $300 or less and charge therefor an interest rate of not to exceed 3½% per month computed on unpaid balances. It regulates strictly the conduct of the business of the lender. It prohibits and provides suitable punishment for loans by unlicensed lenders.

IS THE INTEREST RATE OF 3½% A MONTH TOO HIGH?

The question is frequently asked, "Why
ould small loans bear a rate of interest
high as 3½% a month on unpaid bal-
ces, as permitted under the Uniform
all Loan Law?" On first thought this
e seems high. It does not appear so
h when compared with the rates, many
es higher, charged by loan sharks, as
nd in the great majority of cases
ich have come to the attention of the
mmittee. The rates in these cases run
ward from 20% a month.

The small loan office can accept no deposits and thus has only its own capital th which to work. Its loans are limd to $300 and less. In practice they n much smaller than this maximum, ually averaging between $50 and $100. e cost of investigating the case of the rrower and handling the paper is protionately high. Security is usually in nature of a chattel mortgage on household effects, personal endorsements or by assignment of future wages. Collection costs are high. It reaches a class of wage earners without banking or other established credit connections. The borrower may move away without leaving a trace. Misfortune may overtake him. If legal means must be resorted to, which is rarely the case, the expense may be greater than the amount of the loan.

It has been found by the Russell Sage Foundation, a national organization which has studied the problem for many years and which drafted the Uniform Law that in states where a 3½% monthly return is allowed the needs for small loans have been more adequately met and the business placed upon a dignified plane. Where the rate is reduced below this level, the capital to adequately supply the need for small loans is not forthcoming and the borrower is often forced to call upon the loan shark for assistance.

Supervisors of State Banking Departments administering the Uniform Small Loan Laws have emphasized the necessity for the 3½% rate if sufficient legitimate capital is to be attracted into the industry to satisfy the needs for loans. While the law has been in effect in Missouri too short a time to develop a true statement of earnings, official state reports for 1925 show that in Massachusetts sixty-seven lenders licensed under the act had an average return of only 7.4% on capital investment, and in Virginia thirty-three lenders earned a net return of 11.58% on capital investment. In New Jersey the average earning was practically the same as that of Virginia. These are the only states which publish reports showing earnings of licensed lenders.

MEETING SCHEDULE

MARYLAND—Baltimore, April 9.
IOWA—Waterloo, April 16-17.
MASSACHUSETTS—Boston, April 17.
MICHIGAN—Flint, April 18.
RHODE ISLAND, Providence, April 18.
VIRGINIA—Alexandria, April 18.
ILLINOIS—Chicago, April 25.
PENNSYLVANIA—Lancaster, May 8.
MISSOURI—St. Louis, Hotel Statler, May 9.
INDIANA—Indianapolis, Lincoln Hall, May 15-16.
TENNESEE—Chattanooga, June 6.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

RHODE ISLAND

The regular quarterly and Annual Meeting of the Rhode Island Industrial Lenders Association will be held on Thursday, April 18, 1929 at 1:00 o'clock P. M., Narragansett Hotel, Providence. R. I.

Pursuant to Constitution and By-Laws the nomination and election of officers as well as of the executive committee will be in order at Annual Meeting.

Luncheon will be served.

E. La Gueux, *Secretary.*

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XIII, No. 11 MAY, 1929. Price, $1.00 a year; Single copies, 10 cents.

THE LIBRARY OF THE MAY 1929 UNIVERSITY OF ILLINOIS

War on Salary Buyers Ends

saage of Marshall Bill Practically Ends Bureau's Seven Month's Salary Buying Fight

Reprinted from the Columbus Better Business Bureau Bulletin, March, 1929

ch 27th, 1929, was a red letter day Columbus Better Business Bureau. hat day, the House of Representa- of the State of Ohio passed the all Bill, known as Senate Bill No. the largest affirmative vote yet ed a Bill before the House this ses- The vote was 125—0. The Bill oes to the Governor for signature. is no question but that it will e a law.

Marshall Bill amends the Small law of Ohio. It brings under supervision, and reduces interest s to legal amount, about firms in the State who ars have received as reve- illions of dollars in the of interest at a minimum 240% from railroad and industrial employes, fol- the so-called "purchase" ir wage as security for

passage of this law the end of the biggest or right ever carried on Columbus Better Busi- ureau. It marks the end war on six Columbus interest charging salary loan sharks which was d in August of 1928 t was publicly announced Bureau that the fight not end until these firms ut of business.

VICIOUS LOBBY

J. A. Meckstroth, who executive secretary for years to former Gov- Donahey of Ohio and now a feature legislative writer e *Ohio State Journal,* carried a page story in that newspaper on ry 28th which contained the fol-

ong Bills on the Senate calendar is Marshall of Cleveland to prohibit buying by loan companies charging t rates of 240% a year. It is a e written by the Russell Sage ation and sponsored in Ohio by the Business Bureaus of the larger The Marshall Bill would define purchases as 'loans' within the meaning of the Lloyd law which limits interest on industrial loans to 36% a year. *The measure has been opposed by what is regarded as the most vicious lobby of the present session, operating from rather notorious headquarters in one of the downtown hotels."*

The Columbus Bureau has no facts in its possession from which it can publish the name of the political leader in Ohio, a man of national political importance, whose name has been continually linked with the salary buyers and whose name has been commonly given in legislative gossip in Ohio as that of the man who was directing the fight against the Marshall Bill. Efforts have been made by the Manager of the Columbus Bureau to make personal contact with this political leader and obtain from him first-hand information on the question of his direction of this vicious lobby against the Marshall Bill. These efforts have been unsuccessful. It is safe to assume, however, that from a half dozen to twenty-five men have been very actively working as lobbyists against the Marshall Bill.

The story of this business and of the fight against it is one that would intrigue the interest of any business man. We will try to set it forth somewhat in detail.

SALARY BUYING IN COLUMBUS

Salary buying is not new. It has been carried on for years over the United States. Most salary buying companies had their inception in Atlanta, Georgia, and from there spread out with branch offices over the country. There are six of these salary buying offices in Columbus which operate under the following names:

P. E. LEAKE, 70 North High Street. Formerly operated under the names: The Columbus Purchasing Corporation, and The Columbus Purchasing Company. Manager, C. Mott Hindall. Profits sent to United Finance Corporation, Atlanta, Ga.

THE LONG PURCHASING COMPANY, 88½ East Long Street. Manager, Edward Brewster. Owned by P. C. Mathes, Louisville, Kentucky.

THE MERRILL TRADING COMPANY, 62 E. Long Street. This company formerly operated under the name of the Central Finance Company, Inc. Merril M. Van Fleet and J. F. Jansen operate this company as a partnership. Merrill M. Van Fleet is the local manager. Jansen lives in Atlanta, Ga.

THE PARK BROKERAGE COMPANY, 118½ North Third Street. Manager, Harry G. Adams. Owned by Glen Anderson, Atlanta, Georgia.

SHAWNEE PURCHASING COMPANY, 59½ East Long Street. Manager, P. A. Berryman. On January 7th, 1929, under oath, L. W. Walworth testified that he was the Manager. In March, Walworth stated to the Chief of the Division of Securities of Ohio that he had severed his connection with the company. In a telephone conversation later, P. A. Berryman stated to a Bureau representative that he is the present manager. Owned by C. E. Jarvis, Atlanta, Ga.

UNION BROKERAGE COMPANY,

SATISFACTION

I know of no secretary of a Chamber of Commerce, Trade organization or Better Business Bureau who has gotten rich financially from his organization duties alone.

The big remuneration in Better Business Bureau work comes from the satisfaction of a job well done.

March 29, 1929 brought such a feeling of satisfaction. Then our Senate Bill No. 52, after the bitterest kind of a fight, passed the House of Representatives and we knew that it needed only the Governor's signature, which I am sure it will have, to become a law and properly regulate the salary buyers who in many years in Ohio have taken millions of dollars from industrial laborers in the state in "interest" on "loans" at the minimum rate of 240%.

This case to me is extremely interesting. It has taken a large amount of the Bureau's time for many months.

HARRY VAN HORN, *Manager.*

INDUSTRIAL LENDERS NEWS

Established 1916 and published monthly by the American Industrial Lenders Association, 10 S. Market Square, Harrisburg, Pa. Forms close last day of each month. Entered as second-class matter July 17, 1928, at the Post office at Harrisburg, Pa., under the Act of March 3, 1879.

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R. I.—A. Pomfret, 301 Main St., Pawtucket.
Tenn.—W. Richards, 301 W. Vine Ave., Knoxville.
Va.—J. J. Price, 201 Mountain Trust Bank Bldg., Roanoke.
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W. Va.—F. H. Withrow, 27 Arcade, Charleston.
Wis.—P. J. Koehler, 726 Empire Bldg., Milwaukee.

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Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
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N. H.—F. A. Brodeur, 967 Elm St., Manchester.
N. J.—J. Gay Seabourne, 110 W. 40th St., New York City.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penna.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 307 Main St., Pawtucket.
Tenn.—C. R. Gage, 616 South Gay St., Knoxville.
Va.—S. L. Tucker, 102 S. St. Asaph St., Alexandria.
Wash.—M. B. Hill, 7 N. Third Ave., Walla Walla.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

44½ East Long Street. Owned and operated by James R. Meadows of Columbus, Ohio.

The managers of five of these firms have stated under oath that their headquarters are outside of the State of Ohio and that the profits of their business were sent outside the State. The operators of these businesses occupy obscure quarters. It is very difficult to get the exact information about the responsible parties in these companies. For instance, when questioned under oath, the Manager of P. E. Leake said in effect that he did not know whether P. E. Leake was a person or not. He stated that he had never met P. E. Leake nor had he seen him, but that P. E. Leake was the name of the firm. He was asked who signed his pay check and he said "No one," that "he just took the money out of the drawer." He was finally asked where he sent the profits of the business, and he then stated "to the United Finance Corporation of Atlanta, Georgia."

The Columbus Bureau early in the fall of 1928, reached the conclusion that it was time the activities of these companies ended in this city, after scores of railroad employes had appealed to the Better Business Bureau for relief from their clutches.

How They Operate

This is how they operate. Railroad or other industrial employes, where the company makes a practice of holding up two weeks pay, are generally solicited by these firms to make what in reality are loans. Cards are distributed to the employes. It is said that in a great many cases, timekeepers and other men who are in close contact with all the employes receive a fee for encouraging their fellow-workers to go to these companies for loans. Advertising cards of these companies are left in the automobiles of industrial workers, which tell them how simple it is to get money quickly and without embarrassment.

Hundreds of railroad and other industrial employes in Ohio who found themselves at one time or another in dire need of funds and having no established credit at legitimate financial institutions, have gone to these salary buyers and "borrowed" money. These railroad and other industrial employes have found it a simple matter to make loans from the salary buying loan sharks. For instance a man goes to the office and tells the salary buyer that he wants to borrow $20.00. The salary buyer, as a part of his camouflage to escape the Small Loans law, usually tells the employe that he doesn't "loan" money, but that he will "buy his salary." The employe then sells $22.00 of his salary and is handed $20.00 in money. He is told that on his next pay day, which never is later than fifteen days, he must bring in $22.00 of his pay.

Usually the man who borrows from one of these firms finds it necessary to borrow from another. Many men have come to the Bureau for aid had loans with four or five of When pay day comes, the employe part of his funds for the maintena his family, or for other necessitie in the large majority of cases, find he is unable to pay off the loan. H to the salary buyer, lays down his and states that he wants to rene loan. His former wage assignment stroyed and he signs a new one. T goes on from pay day to pay da each time he pays 10% interest.

Of the four hundred cases on the Better Business Bureau has ac information, the minimum "interest has never been less than 240% per There have been cases that have co our attention where the interest ra been greater than 300%.

A Typical Case

The case of one railroad machi Columbus is typical of many. summer of 1925, an emergency aros had immediate need of $150.00. H to five of these salary buying loa panies and borrowed $30.00 from e them and signed wage assignmer his pay. In the fall of 1928 when pealed to the Better Business Bur help, he had paid in interest in three years over $1,000.00, and stil the salary buyers approximately $

Every sane business man who ha this story has been amazed at t fortunate men in the clutches salary buyer for not striking back and are at a loss to understand wh should continue paying this fi usurious rate. *Here's the reason r employes continue to pay this dest toll.* The majority of the ra until they gained some understand this problem of their employes, fixed rule that if it came to their edge that an employe had sold signed his wage, the first time he he would be warned and the sec would be discharged.

Why Victims Pay

This was the most effective c executives of the railroad companie have placed in the hands of the buyers. Each pay day industri ployes under the power of the buyers, faithfully carried their pay loan sharks and continued to pa men 240% interest, because of th definite and tangible fear that if t not, the salary buyers would te employers and they would lose the

The next assumption of any r business man with an average kno of business affairs would be that a borrowing money from these co would but need to appeal to an and he would be protected against such interest rates. Here again th age business man would be wrong eral years ago prosecution against buying firms was started in Cl Ohio. To make a long story sh salary buyers with their tremend terest earnings, were financially employ very capable counsel. T haffey case went to the Supreme of the State of Ohio where it was that the Small Loans law of the which fixes the legal rate of inte industrial loans, did not apply to called "purchase" of salaries. T

Court decision on the Mahaffey
ıve the salary buyers added con-
and since that time their business
› has materially increased.
t could the Columbus Better Busi-
ıreau do when these railroad and
industrial employes appealed to
›r aid?
· to the entrance of the Bureau
e active fight against these firms,
eys Kime and Allison for the State
n of Securities had afforded relief
ıstrial employes who appealed to
y petitioning the Common Pleas
of Franklin County and asking
ourt to temporarily restrain the
buying companies from making
collections at their usurious rates
rest.

ırt Restrains Salary Buyer

n Judy, Assistant Manager of the
›us Bureau, who is a practicing at-
prepared and filed some eighty
petitions in which the judges of
›mmon Pleas Court of Franklin
were asked to temporarily re-
the salary buyers from making
collections in these eighty-odd
cases, and at the same time pray-
judgment, when the petitions were
heard, for any amount of money
r interest which was at a greater
an that which was legal in Ohio.
these temporary restraining orders
ranted.
he day when Mr. Judy, acting for
tter Business Bureau, filed sixty-
these petitions, Judge Dana Rey-
of the Common Pleas Court of
in County issued the following
ent:
ording to the pleadings in the
suits against so-called salary pur-
companies and according to the
hat have been brought to my at-
it is almost inconceivable that
situation exists, that the companies
uch a terrible toll from the work-
ss. It appears to be *blood money*
ıe borrowers paid. The rate of
t is far beyond the legal rate.
should be only too ready and
to afford relief to the unfortunate
s who are in the clutches of such
ns."
n these petitions were filed, the
›us newspapers coöperated with
ıreau in a splendid manner. Front
›ublicity was given telling of the
e of the salary buying companies
umbus and of the plight of these
s industrial workers who sought
ief of the courts.
ıt this time the Columbus Bureau
ed a bulletin which was placed on
nployes' bulletin boards of most
ds and industrials in Columbus.
›ulletin, in effect, encouraged the
s in the hands of the salary buyers
ıe to the Bureau for aid. These
ns, together with the newspaper
ty, attracted the attention of the
s of the salary buyers and they did
›o the office of the Bureau for aid.
s resulted in the filing of additional
ns by young attorneys acting for
lustrial employe who had borrowed
he salary buyer. The total of these
ns now pendng before the Com-
Pleas Court exceeds four hundred.
ıction aroused the interest of legiti-
›usiness in Columbus, of the news-
, the public officials, and the public
ılly.

In December, certain plans were laid which, if successful, would definitely rid Columbus of these firms. After many conferences, however, and in view of the fact that the Ohio Legislature would meet in January, it was decided that the time was ripe to amend the Small Loans law of Ohio so that these salary buyers would be brought under State supervision and their interest rates reduced to the legal amount.

The Marshall Bill

A great deal of work was done in the preparation of what is now known as Senate Bill No. 52. Small loan legislation in the United States is supervised in a way by the Russell Sage Foundation in New York. That Foundation has made an intensive study of the small loan business of this country and has had a great deal to do with dictating the small loan laws in over thirty states.

The Industrial Lenders of Ohio worked diligently on the law. It is natural that the Industrial Lenders who operate under the Lloyd Act, which is the Small Loans law of Ohio, should be intensely interested in any amendment to the law which permits them to do business. These Industrial Lenders took this opportunity to include in the Marshall Bill certain additional improvements, such as fixing the maximum amount of $300.00 at which the interest rate made legal under the Lloyd Act could be charged.

The Marshall Bill was practically written by the Russell Sage Foundation. It was acceptable to the Industrial Lenders of the State, and to the attorneys for the Ohio Better Business Bureaus who examined it.

What the Marshall Bill will do is this, particularly referring to the salary buyer: It definitely defines money borrowed through the sale of wage as a loan, and defines the difference between the amount borrowed and the amount paid back as interest. This will require that companies making loans through the purchase of wages must be licensed to do so by the State Division of Securities and operate under their supervision. In the past, because of the Mahaffey case which stated that the Small Loans law of Ohio did not cover the purchase of wages, the salary buyer has operated without any state supervision.

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We will purchase for cash Individual Offices located in any state or a chain of offices. No Individual Office with an outstanding loan balance of under $50,000 will be considered.

Our resources are such that we can consider any number of offices or a chain of offices of any size ∴ ∴ ∴ ∴

Present management may be retained.

All replies held in absolute confidence

FIRST INDUSTRIAL BANKERS
INCORPORATED

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It was decided that such a Bill would be sponsored by all of the eight Better Business Bureaus in Ohio so that salary buying will be regulated all over the State.

This Bill was then handed to Senator L. L. Marshall from Cleveland who was familiar with this problem and who graciously agreed to introduce and father the Bill for the Better Business Bureaus of the State.

Now any man would quite naturally believe that it would be a simple matter, in the face of the facts already stated, to introduce and have quickly passed by the Ohio Legislature a Bill aimed to correct such a glaring evil. Such a conclusion, however, was far from correct.

Millions in Interest

The Columbus Bureau has no accurate information about the number of salary buying firms operating in the State of Ohio. A fair estimate seems to be about thirty. Neither have we any facts about the amount of money that these firms have out on loans. From the information we do have, however, our estimate would be that each firm has at least $30,000 out on loans. Thirty times thirty thousand dollars is $900,000.00. Keep in mind that the salary buyers holding the threat or club over the employe's head that if he doesn't bring in his pay he will lose his job, and you will understand that their losses must not be great. Multiply $900,000.00 by 240% interest, which is the minimum rate, and you arrive at the figure of $2,160,000.00. Take off 25% for losses, and it leaves $1,620,000.00. Our estimate is, therefore, that the interest income to the salary buyers in Ohio is between one and one-half to two million dollars, a year.

Were the salary buyers going to sit quietly by and allow the law to be amended which will virtually put them out of business? They answered this question quite definitely in the negative.

How the Salary Buyer Fought Back

What was the salary buyers method of attack? Obviously no man could appear before any legislative committee and attempt to justify this business. This apparently was obvious to the salary buyer, so he did not try it. The salary buyers' hope to defeat the Marshall Bill lay in two chances. Their first hope of success was to introduce a "spite" measure calling for a drastic, and probably prohibitive, reduction of the interest rate made legal for small loans under the Lloyd Act. Through this method, the salary buyer hoped to so thoroughly frighten the industrial lenders of the State of Ohio who, we are informed, have about fifty million dollars invested in their business, that the lobbyists for the salary buyers could go to the industrial lenders and say, "Come on now, you withdraw your support from the Marshall Bill and we will have our spite Bill killed."

The other method of defeating the Marshall Bill was by an amendment through which the salary buyer hoped to tack on a ridiculous reduction in interest rate so that again the industrial lender would of necessity have to fight the amended Marshall Bill so that they could continue in business.

The lobbyists for the salary buyers tried both of the above schemes and, fortunately, failed.

The Spite Bill

A Columbus attorney for the salary buyers approached a Franklin County Legislator and handed him a Bill to amend the Small Loans law with a drastic reduction in the rate. He explained to this Legislator that it was merely a "spite" Bill put in to ruin the business of the industrial lenders who were fighting the salary buyer. This Legislator refused to introduce such a Bill and has advised the Manager of the Columbus Bureau that a Bill of exactly the same wording was introduced a few hours later by Representative Laybourne of Springfield, Ohio.

A short time after this, in a radio talk, the Manager of the Bureau intimated that the Laybourne Bill was a "spite Bill" introduced merely with the hope of trading-off and killing the Marshall Bill. Representative Laybourne, according to a letter addressed to the Manager of the Columbus Bureau, took exception to the reference to his Bill as a "spite" measure and called upon the Manager for a statement as to his support of the small loan business.

On February 6th, the Manager of the Columbus Bureau addressed a letter to Representative Laybourne in which he pointed out the grounds for the belief that the Laybourne Bill, known as House Bill No. 73, had been handed to him by an attorney for the salary buyers and was a "spite" Bill. He was assured that the Better Business Bureau's only interest in any small loan legislation was in that which would put out of business the 240% interest charging salary buyer, and that if he could show that his Bill was not a "spite" Bill and that it was not handed to him by U. G. Hahn or J. F. Atwood, who are known to be attorneys for the salary buyers in Columbus, or from anyone else connected with the salary buying business, he would find that the Better Business Bureaus of the State had no interest in it. Mr. Laybourne was assured that the Better Business Bureau knew he had nothing to conceal and that he would be glad to clear up these points.

No answer has been received by the Bureau to this letter to Mr. Laybourne in which these pertinent questions were asked.

Two Columbus newspapers carried stories about Representative Laybourne's attack on the Manager of the Columbus Bureau. One story appeared in a Columbus paper on Monday and reprints of the entire page distributed to the members of the Legislature in the State of Missouri on the following Wednesday, presumably by the salary buyers in that district. The St. Louis Better Business Bureau is at this time waging an active war against the salary buyers in Missouri. Later on, reprints of this publicity about Mr. Laybourne's attack on the Manager of the Bureau were sent from some mysterious source through the mail to the members of the Ohio Legislature. It has not been determined who sent them, as no return address was given.

When the Laybourne Bill came up for hearing before the Labor Committee, it was tabled until such a time as the Senate would take action on the Marshall Bill. A Cleveland attorney for the salary buyers made repeated efforts to make a deal with the leaders of the Industrial Lenders Association, the inference of which was that the Laybourne Bill its drastic rate reduction would be in return for the defeat of the Ma Bill. These efforts were courag and definitely refused by the smal lenders of the State.

Judiciary Committee Hearin

When the Marshall Bill came u hearing before the Judiciary Com of the Senate, the salary buyers, th one of their attorneys, made an to delay it. This is an effective v kill legislation in the Legislatu merely delaying it until such a tim cannot be passed.

At this hearing before the Ju Committee, the Managers of the f ing Bureaus appeared in support Bill: Cleveland, Akron, Dayton, cinnati and Columbus. It was exp to the Committee by the Manager Columbus Bureau why the Bureau supporting this Bill and why ther urgent need for its passage. After delay, it was reported out to the of the Senate. No one had appea opposition of the Bill.

A Desperate Effort

On the day the Marshall Bill wa considered by the Senate, a high spected and able State Senator ask a day's delay to prepare an amen calling for the drastic rate re embodied in the Laybourne Bill. tunately, the Better Business B the industrial lenders, and other ested parties were able to get th about this fight to this particular S before the next day and he was gl to offer his amendment and be h sponsible for the possible killing Bill. In conversation with the M of the Bureau, he intimated that confident that through a source he had not suspected, the salary had tried to use him without his edge. When the Marshall Bill ca before the Senate, it was passed vote of 28—0.

Labor Committee Hearing

The Bill next went to the House the Reference Committee assigne the Labor Committee. About two after its passage in the Senate, it c for hearing before the Labor Com Again the Better Business B turned out in force to plead their They were represented by the Ma of the following Bureaus: Akro cinnati, Dayton, Toledo, and Co A frank statement of the whole s was made to the Committee by th ager of the Columbus Bureau and pointed out just how the salary were fighting back, just how they to work a trade through the La Bill, and, failing to do that, they probably have a rate reduction ment introduced.

Lobbyists for the salary buye evidently decided that through th amount of newspaper publicity, th bourne Bill had been fairly well as a spite measure and had little of favorable action by the Com Mr. Laybourne did not appear bef Committee in defense of his Bill, stated at the hearing that it was sary for him to be at another hea

These facts had also been calle

ttention of the Legislators through opies of radio talks made by the Columus Manager, which were mailed to all egislators with newspaper clippings. 'elegrams from other Bureaus in the tate and from other interested business rganizations also tended to clear up this oint.

Another Effort Fails

After those in favor of the Marshall ill had been heard, Mr. William A. ubrecht, president of the Columbus ouncil of Civic Associations, appeared. Ir. Rubrecht stated that he represented venty-one civic associations in Columbus nd, after an eloquent general plea for ie laboring man, etc., presented an mendment to the Marshall Bill calling r the same drastic rate reduction as that hich appeared in the Laybourne Bill.

The Manager of the Columbus Bureau as then given an opportunity to state ertain facts which developed from his vestigation of Mr. Rubrecht and the olumbus Council of Civic Associations. was pointed out that on a former ccasion that organization had incurred ie displeasure of at least two prominent olumbus business men by using their ames on the Association's letterhead in n endorsement of a highly speculative ock-selling offer. It was pointed out at the address, according to the ureau's investigation, which was given n the letterhead was that of a small tail shoe store in the outskirts of one the smaller business districts in the nter of the city, and that the proprietor this store stated to a representative the Bureau that they had no office ere but did receive mail at that adress, and that his son, a clerk in the ounty Auditor's office, was secretary of ie Association.

The Chairman of the Labor Committee, Ir. Marshall, stated in effect that he iew that the Columbus Federation of abor had been misled into endorsing the aybourne Bill. The Manager of the olumbus Bureau stated that a member the City Council had remarked in an pen meeting that the City Council had en fooled and misled into endorsing the aybourne Bill and that if they had had e facts there would have been no such dorsement.

The Labor Committee, after this somehat stormy hearing, at which about one ndred persons were present, went into osed session and voted to kill the Layurne Bill and to pass favorably on and commend for passage, unamended, the arshall Bill.

The salary buyers were then thorghly frightened. According to our formation, their lobbyists worked with newed vigor. The nationally known olitical leader, whose name has been peatedly and continually spoken of in olumbus as the leader of the lobby ainst the Marshall Bill, came to Columis for the first time in person. It was vious that the salary buyers' last ance was to have the Marshall Bill nended with the drastic rate reduction d thereby cause its defeat. There is no estion but that this amendment was the hands of one or more members of e House. At the proper time it would ve been offered from the floor. There no question but that the salary buying bby had been able to obtain considerle support for this amendment.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

CHARLES H. WATTS, President Beneficial Operating Bureau, Inc., N. Y., says:
***Usury and Usury Laws* is a sound exposition of the legal, economic and social rightfulness of the Industrial Loan Business.**

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

Before the House

On the afternoon of March 27th, when the Marshall Bill came up before the House, Legislator Grant Ward from Franklin County made the opening address. He told them briefly of the salary buying business. He told them of the eight Better Business Bureaus in Ohio who were supporting this Bill. He told them what the Bill would do. He also told them that it was the first time in his career that he had used the word "lobbyists" in talking on the floor of the House, but that it was now necessary. Mr. Ward said that the most vicious lobby that he knew of in the present session was that maintained by the salary buyers to defeat the Marshall Bill. He stated that all of the members of the Legislature knew about the lobby's efforts and had received anonymous literature meant to work against the Marshall Bill.

Mr. Ward said that there were two ways to kill a piece of legislation: one was by not giving it enough votes; another was by adding some impractical amendment. He stated that the salary buyers, through their lobby, had planned to have such an amendment introduced and that he would demand that verbal votes on the amendment be dispensed with and would insist that a roll call be taken on each and every amendment offered to the Marshall Bill so that everyone might know who was supporting all these amendments and helping the salary buyer and so that it might be a matter of record for the constituents back home of each and every legislator.

Representative Marshall, the Chairman of the Labor Committee, then told the House of his experience as Chairman of that Committee with the Marshall Bill, and of the very strong pressure that had been brought upon him to kill this Bill. He told of the efforts of the Better Business Bureaus to protect industrial employes against the salary buyer. He talked of the restraining orders obtained by the Columbus Bureau to help the laborer. He told of the unqualified endorsement of organized labor in Ohio for the Marshall Bill and of the efforts he anticipated coming from the salary buyer to amend this Bill, and asked the members of the House to pass the Bill without amendments.

Largest Affirmative Vote of Session

Representative August M. Streicher, of Lucas County then made a brief statement about the Bill and urged its passage without amendment, and offered a motion to the effect that further discussion of the Bill be discontinued, and that it be put up for vote. This motion was seconded and passed with some opposition. The roll was then called for voting in favor of the Marshall Bill which resulted, as has been stated, in the largest affirmative vote on any legislation made by the House during this session.

There is no question but that Governor Cooper will sign the Bill and it will become a law, and the lucrative salary buying business which has taken millions from the pockets of industrial employes of the State in its years of operation, at its minimum rate of 240%, will end.

Appreciation

We first want to express our appreciation to Senator L. L. Marshall for his introduction of this bill and for his active interest in its support.

Our second acknowledgement of appreciation for the assistance given the Columbus Bureau in this work must go to the Industrial Lenders Association of Ohio. This was an amendment to the Lloyd Act under which they operate. Had either of the drastic rate reductions, which the salary buyer had introduced become a law, it is entirely probable that

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A consolidation of independent loan offices is proposed in Pennsylvania and New Jersey.

Will purchase for cash and retain present management.

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Industrial Lenders News Harrisburg, Pa.

the small loan firms of the State operating under the Lloyd Act, would of necessity have had to discontinue. This Association, through the Chairman of its Legislative Committee, Mr. Walter W. Hamilton, worked hard and long and effectively to pass the Marshall Bill. Better Business Bureaus are generally uninformed with the ways of legislators. The Industrial Lenders, like most groups of business in Ohio, have had to be familiar with legislative matters. This knowledge of theirs was invaluable in support of this bill.

The third expression of appreciation must go to the other Ohio Bureaus. It was their job to see that the legislators from their districts knew the story of salary buying and knew the facts about the salary buyers' efforts to fight back and defeat the Marshall Bill. Through their work in the seven cities with Legislators from their districts, general knowledge of this whole subject was gotten into the minds of all the Legislators.

Mr. Emmett Jackson, the Manager of the Dayton Better Business Bureau, was particularly active in this work.

All of the Bureau Managers in the other Ohio cities saw that the press had all the facts. Dale Brown, Manager of the Cleveland Bureau, presented information about the Marshall Bill and the Laybourne Bill to the Cleveland Chamber of Commerce which recommended that the Marshall Bill be passed and the Laybourne Bill be killed. Mr. Brown placed this information before his Legislators from his district. As the result of the facts which he supplied to the press, editorials appeared in Cleveland papers and copies of these, together with a statement from the Cleveland Bureau, were sent to the entire membership of the Legislature.

Mr. Karl Finn, Manager of the Cincinnati Bureau, talked before the Cincinnati delegation in Cincinnati on two occasions, and got the Bureau's side of the story plainly before Mr. Marshall, Chairman of the Labor Committee, from Cincinnati.

As has already been stated, Managers of several Bureaus came to Columbus and appeared before Committee meetings.

Mr. Claud Clark, of the Cleveland Legal Aid Society, because of his long experience in fighting salary buyers in Cleveland, is especially well informed on this general subject. As attorney for the Legal Aid Society, he appeared at both the Senate and House hearings and gave clear statements of the reasons of the Society for supporting this Bill.

Without the support of the Columbus newspapers in this campaign, it is doubtful if this work could have been successfully carried through. Front page stories have been repeatedly given. Editorials have appeared. A cartoon was published in the Columbus *Citizen*. Mr. Mowery, the Managing Editor of the *Ohio State Journal*, has been particularly interested and has caused to appear many, many news items about temporary restraining orders filed by industrial employes against the salary buyers and has at all times given generously of the time of his staff and of the space of his paper.

Mr. Grant Ward is entitled to the thanks of everyone interested in the passage of this Bill for his courageous and two-fisted stand on the Marshall Bill, and for his strong condemnation and exposure of the salary buying lobby.

Representative H. S. Marshall from Hamilton County, Chairman of the Labor Committee, was a staunch supporter of this Bill. His talk from the floor of the House was particularly effective, representing, as he does, organized labor in Ohio.

Particular praise is due to Mr. William Rasey of Sandusky, Ohio, who is Secretary of the Brotherhood of Railroad Trainmen, a large national railroad men's organization. Mr. Rasey was present at the Committee hearing in the Senate and in the House. His statements on behalf of the railroad employes were very helpful.

Of course, there is the possibility that the job has not been completed. The salary buyer may attempt to continue his business methods and, through his attorneys, test the constitutionality of the amendment in the Marshall Bill which defines salary buying as a loan. This has been tried with a similar law in the State of Maryland, and it has been held there that the amendment is constitutional.

We believe, however, that the salary buyer has had enough and that he will quietly fold his tent and steal away from Ohio, and take with him his ill-gotten gains. That is, provided some action is not started which might embarrass him further.

All in all, it has been an interesting fight. Each and every one who has played his part in its success, whether it was small or great, should have cause for a feeling of SATISFACTION.

INDUSTRIAL BANK FILLS SPECIAL NEED

Walter D. Brown, of Mitten Institution, Explains Function to Young Bankers

Fundamental Purpose Same as That of Commercial Money Lenders

The importance of the industrial bank in the field of industry and to the working man, was stressed last night by Walter D. Brown, head of the personal loan department of the Mitten Bank, who addressed a meeting of the Philadelphia Chapter, American Institute of Bankers, at the Bellevue-Stratford.

"Industrial banking is an inclusive term covering the broad field of banking institutions concerned with the credit needs of the man on the street," he declared. "Differing from commercial banking, which has as its primary purpose applying funds to individual business enterprises, industrial banking centers about the demand for consumption credit.

"The fundamental purpose of commercial banks and industrial banks is the same, namely to balance the difference between current income and current expenses of the business enterprise and the man on the street respectively, and consequently there is as much economic justification for the one type of banking institution as the other.

"Denied the facilities of the commercial bank by the very nature of the long-term credit which he demands, the average employee has been forced to make use of institutions whose legitimacy has often been open to question."

WORKERS LARGE BORROWERS

"Over $500,000,000 per annum is being loaned in the United States to industri workers in the form of personal loa under various terms and conditions. T this great volume of credit needed supe vision should be given by bankers to s that it flows through the proper channe and that the funds are used for worth purposes and not dissipated by carele expenditure. A check can be throw around this business if the banks, inste of ignoring these smaller credits, wou use them to their advantage.

Intelligent application of the principl of affording the man on the street an o portunity to become acquainted wi banking institutions will pay excelle dividends in good will as well as in ear ing power.

"No one will disagree with the fa that the long-term credit and the handli of small amounts are more expensive the long run than the larger commerci credit turnover, yet the individual appl ing for the credit does not seek charit He is perfectly willing to pay for t service rendered, and that is as it shou be, in order to make it a stable and las ing service.

"State and national banks throughc the country are beginning to realize t strong potential value of developing ma oduction in banking through offeri to the multitude a loaning service as w as a savings service. In this time keen competition, the alert and progre sive banking institution will take note the signs of the times and turn them ir credit."—*Phila. Inquirer*, 4-18-29.

BANKERS NATIONAL SHARI OFFERED

Clarence Hodson & Co., of New Yo are offering 100,000 shares of Banks National Investing Corporation no p class A common stock at $29 per sha The company has already sold 10,0 shares of its class B stock to the Be ficial Loan Society and Collateral Bar ers, Inc., at the same price per share which investment bankers have purcha the class A stock. Holders of the co mon stock class A and class B will ha equal rights, share for share, in divide distribution or in distribution of ass It is expected that quarterly divide will be paid on both classes beginn about October 31, 1929, after reasona reserves have been set aside.—*News Views*, 3-25-29.

GOING AFTER THE "SALAR BUYERS"

In framing the law which they w attempt to put through the Kentu legislature to give permanent protect to Kentucky wage earners against loan sharks, the local Borrowers Lea may profit by observing the efforts n being made by the Better Busin Bureau of St. Louis to secure an ame ment bringing the so-called "salary b ers" under the provisions of the Missc small loan act. The amendment provi that "any payment of $300 or less money, credit or things in action, consideration of any sale, assignment order, for the payment of wages, sal commission or other compensation services, whether earned or to be earn shall be deemed a loan within the p visions of the act."

According to the *Post-Dispatch* one thing lacking in the Missouri sm

an act is the omission of the salary uyer from its provisions. The salary uyer is the worst offender of all the oney lenders.

"He deals with persons earning modest ages and small salaries, who in a pinch r money have no place to go for imediate need but to the salary buyer. he salary buyer is merciless. About ie minimum of the interest he charges 240 per cent, and it ranges up from iat. There are cases in which 500 per ent has been charged. The salary buyer as been left out of the Missouri small an law, as in the laws of a number of tates, and he has been ranging in rich asture.

"In Ohio the fight conducted by the etter Business Bureau of Columbus, tterly opposed by the salary buyers ho maintained a vicious lobby at the tate Capitol, to bring the salary buyers nder the provisions of the Ohio small an law, has ended in victory. When the cts about the merciless oppression and normous earnings of the salary buying oncerns in Ohio were brought before ie House, the vote was unanimous.

"The lack of the provision embodied the Brogan amendment was the worst ature of the Missouri small loan act. he adoption of this amendment would least make the salary buyers amenble to law and reduce their interest harges to 42 per cent a year. It would ive the unfortunates who go to them r money from being utterly stripped. hether 42 per cent is the proper maxium is a question yet to be settled. But beats a minimum of 240, and the maxium, if found excessive, can be changed reafter.

"In our opinion, the best thing the egislature could do now would be to lopt this amendment, bring all the small oney lenders under the law, and then ter a thorough investigation of the orking of the money lenders, their costs id profits, determine what the maxium should be."

Careful study of the experiences of her states which have had small loan ws for a number of years, should result a Kentucky law avoiding at the start e weaknesses which time has revealed the lawmakers of other states.—*aducah News Democrat,* 4-16-29.

'86 PER CENT OF AMERICANS POOR"

From the *Literary Digest* for February 16, 1929)

This startling statement, attributed to o less an authority than Secretary of abor James J. Davis, causes more than ie Democratic daily to prick up its ears id ask pointedly how such a fact can be conciled with the Republican campaign gend of American prosperity. "The en-e business is a deep mystery," exclaims e Philadelphia *Record,* and the New ork *World* remarks that "evidently the epublican Secretary of Labor keeps a and of prosperity talk for political camigns, and a brand of calamity talk to scourage immigration from Europe."

Mr. Davis's statement occurs in a letr addressed to the editor of *The Westn Mail and South Wales News,* of ardiff, Wales, where nearly 1,000,000 iners and their families are said to be the verge of starvation. Mr. Davis was born in South Wales. His letter, as cabled in a London dispatch to the New York *Times,* reads in part as follows:

"Here and there has been for many years in Europe, and especially since the Great War, an impression that all Americans are wealthy and that poverty among us is conspicuous only through its absence. I wish, indeed, that the popular European impression were a true one, but no foreign impression of us has ever been more false.

"It is true that the American worker has a standard of living which is higher than the worker of any other country knows. It is true that the standard of American living is higher than any hitherto known.

"It is true that the real wage of the American worker is twice as high as that of the worker of London, three times as high as that of the worker of Paris, and more than four times as high as that of the workers of Brussels, Rome, and Madrid.

"I admit that the American worker is better off than the worker of any other country in the world. But the American worker is not dwelling in Utopia. No country can be considered Utopian when 86 per cent of its people are poor. . . .

"The people of the European countries would feel more kindly toward America if they knew the truth in regard to it. They have been deceived by appearances which are far removed from reality. It may be that we are on the way to solving the problem of poverty in America. I hope we are, but we can hardly claim we have solved it so long as many Americans are living under depressing conditions.

"The brotherhood of poverty is world-wide; we share it with you."

"The people of Europe evidently are not the only ones who have been deceived," comments the Philadelphia *Record;* and the Baltimore *Sun* recalls the fact that President-elect Hoover, in his speech of acceptance in August, said: "We in America are nearer to the final triumph over poverty than ever before in the history of the land . . . We shall soon, with the help of God, be in sight of the day when poverty shall be banished from this nation." These words, suggests the Baltimore paper, "may explain why Secretary Davis did not postpone his letter. He was afraid the poorhouse would soon be extinct and this unsuited to official mention." Says the New York *World:*

"At any rate, Secretary Davis's latest statement points to a returning sanity on prosperity. It is all very well to talk about our business wealth. But it is wise to recognize that prosperity has been spotty, that since 1923 real wages have risen but slightly, and that millions of American families have an income below proper welfare levels. When men like Mr. Hoover and Mr. Davis face this fact they will be better equipped to deal with some of our maladjustments."

The uneven distribution of this country's wealth is revealed by figures compiled by the Federal Trade Commission, according to which 1 per cent of the people own 59 per cent of it, 13 per cent own 90 per cent, and 87 per cent own 10 per cent. Says Daisy Lee Worthington Worcester, in an article in *The Survey Graphic* called "This Amazing Prosperity":

"This 87 per cent includes roughly the laboring classes and what we have come recently to designate as the middle class. Intellectually, culturally, this middle class in America is significant. It is articulate, it is heterogeneous, it is widely inclusive. It is made up of land-owning farmers, small business men, professional people, teachers, social workers. Its sons and daughters are straining our facilities

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for higher education almost to the breaking point. It represents all shades of political, religious, and social belief. To those who belong to it, it is America. ...

"We look again at the United States, the twentieth-century Croesus: wealth, vast quantities of wealth, enough to abolish poverty throughout the land; 90 per cent of this wealth owned by 13 per cent of the people; 77 per cent of the people owning no smallest portion of it; 50 per cent of the national income going to capital; nowhere in all the land any evidence of a single industrial group in which the annual income of a wage-earner is sufficient to enable him to support a wife and three small children in accordance with the low standard set by a group of employers; the average wage for the country as a whole $1,280 a year, dooming the worker who is the father of dependent children to chronic want, forcing him into an acceptance of public or private charity in the event of any of the ordinary disasters of life—unemployment, sickness, death; and these same charities quadrupling, quintupling, their budgets in a single decade. This in the richest nation on earth; this, our amazing prosperity."

LINKING 149 BANKS OF MORRIS PLAN

Although Arthur J. Morris, President of the corporations involved and founder of the 149 Morris Plan Banks, declined to make a conclusive announcement, he approved a statement which was interpreted as forecasting the early amalgamation of his companies into a nation-wide banking combine.

"It is understood that the consumer banks will make personal loans, discount installment paper, write life and property insurance, negotiate amortization mortgages on homes, sell high-grade securities on the installment plan, and offer other credit accommodations suited to the requirements of the individual. Lower costs and stability of credit risk for all these forms of financing are expected to be two of the chief advantages of their conduct under a multiple-unit institution with a single administrative overhead, it was said.

"Automobiles, modern refrigerators, fire extinguishing sprinkler systems, radios, washing machines, industrial machinery, electric power units, and all the other hundred-and-one labor saving devices that are now commonly sold on the time-payment plan through the I. F. C. and its subsidiaries, will cost the purchaser less. Through local operation, the service to customer and dealer will be improved. The consumer-credit system of banks is thus expected to increase the Nation's buying capacity, encourage new sales and stimulate production on a sounder basis than has prevailed heretofore.

"Up to the opening of our first character-loan bank in Virginia, 20 years ago, there was prevalent among the public the erroneous idea that credit was for merchants, financiers, corporations and governments but not for the individual of limited means," said the statement which was approved by Arthur J. Morris, founder of the Morris Plan system of banks. "We were even warned by conservative men of national prominence that by offering credit to wage and salary earners we were 'inviting disastrous extravagance on a nation-wide scale.'

"Through the Morris Plan banks and branches, which now number 149 with deposits in excess of $90,000,000, there has been an aggregate of $1,380,000,000 loaned to approximately 6,000,000 American people. In 1928 the total of their small-loan business alone approximated $200,000,000. This has conclusively demonstrated that character and earning power combine to form a sound basis for personal credit."

WE SEE BY THE PAPERS

Loan Law Proposed to Curb Shark Rate

The Baumes Crime Commission decided tonight to include in its 1929 legislative program proposals intended to attract increased capital for small loans as a means of curbing loan sharks. A specific proposal that would legally permit an increase of interest rates on small loans was put forward as one of the principal means of diverting money to the small borrower.

Loan shark evils were discussed in detail. Last year an investigation by former Attorney General Ottinger disclosed how money lending concerns were reaping an illicit harvest by chargi usurious rates, sometimes as much 400 per cent.

Senator Baumes, Chairman of the co mission, said it "had reached the co clusion that there should be an increa in rates allowed on small loans and legi lation which would make available larger amount of capital for them."

HOUSEHOLD FINANCE GAIN

Household Finance Corporation, o of the largest small loan companies the United States, showed net earnin for 1928, after all charges, of $2,309,9 compared with $2,247,998 in 1927, a cording to the annual statement ma public today, despite a reduction of interest rate from 3½ per cent to 2 per cent a month on unpaid balances la October.

This is equal to the maximum of per share on 140,000 outstanding shar of participating preference stock, and a proximately $4 on 390,831 outstandi shares of Class B common stock. T company, at the time of listing its sto adopted the policy of a dividend of $3 f both common and preferred stock, pa able quarterly.

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SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

General Form, Uniform Law. 5c per copy.

Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industrial Loan Business, by Hon. A. R. Robinson. 5c per copy.

Illinois Supreme Court Decision. 5c per copy.

Pennsylvania Supreme Court Decision. 5c per copy.

Ohio Supreme Court Decision. 5c per copy.

Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

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The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Making Credit Available for All. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A. $1.00 per copy.

Opinions of Importance, compiled by Paul V. Hough. Price $2.00 per copy.

Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Business, by Senator John Dailey, Peoria, Ill.

Modern Scientific Efficiency and the Business of Industrial Banking, by Chas. G. Mueller, Philadelphia, Pa.

Building Your Business on Good Will, G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Mueller, Philadelphia, Pa.

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership in State and National Industrial Lenders Associations, by E. F. Moore, Philadelphia, Pa.

Industrial Lending as a Community Asset suitable for a lecture before public welfare organizations. Ten cents per copy.

How to Organize a Lenders Exchange Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, by Elizabeth G. Stern.

Report of the Interim Committee of the Minnesota House of Representatives on Small Loan Legislation. Ten cents per copy.

Please remit cash, money order or check for any of the above articles desired, to the American Industrial Lenders' Association, Box 778, Harrisburg, Pa.

AN AUTHORITY SPEAKS

Reprinted from the May Issue of the North American Review

SIR:

So many inaccuracies were contained in Mr. Samuel Grafton's article, "Need, Gold, and Blood," which appeared in your March number, that I am requesting you to publish some corrections I have noted. I have confined myself to facts.

1. Mr. Grafton reproduces a loan company advertisement and follows it with "In other words, the Uniform Small Loan Act, without the change of a word, can be turned into an advertising handbill." No part of this advertisement can be found in the Uniform Small Loan Act. Either the author has not read the law or is guilty of something worse.

2. Mr. Grafton says the National City Bank charge on small loans is "almost nine per cent, approximating the figure of the Mitten Bank Service.' National City would get $4.63 for the use of $94 for an average of about 24 weeks. The Mitten Bank gets $8 for the use of $92 for an average of 20 weeks. Assuming Mr. Grafton is correct about National City charges, which he is not, the Mitten charge is 20 per cent. At the 3½ per cent per month rate on unpaid balances, allowed by the Uniform Act, the Mitten loan would return about $16. If 3½ per cent per month is 42 per cent per year, then the Mitten Plan cost is at least 21 per cent. Both banking plans are rendering service to necessitous borrowers, and stand in no need of Mr. Grafton's concealment of rates.

3. Mr. Grafton says that the Uniform Laws "in no way hinder their (loan companies) excessive interest charges." In no state without the Uniform Law is the usual charge for wage or chattel loans less than 15 per cent per month. The Uniform Law keeps the rate of licensees to a maximum of 3½ per cent. One-fifth of *all* licensees charge 2½ per cent or less.

4. Twenty-five loan shark lobbyists tried to kill, by amendment, a small loan law in Louisiana last year that was urged by various labor federations. Mr. Grafton pictures these twenty-five as striving to put "teeth" into the law.

5. Mr. Grafton draws liberally on recent New York experience with loan sharks for his examples and intimates that conditions in Uniform Law states are similar. New York does not have the Uniform Law. Its personal loan act allows about 2½ per cent on unpaid balances. Attorney General Ottinger's Committee of bankers, labor leaders and employers, the Legal Aid Committee of the Bar Association, and the Baumes Crime Commission, all recommended the Uniform Law principles and rate, saying that licensed small loan companies were the best remedies for loan sharks.

6. Mr. Grafton creates the impression that the Russell Sage Foundation began its work in the field of remedial loans in 1914 and then only with propaganda. In 1908 it published the Wassam study of "The Salary Loan Business in New York City," which was made in 1907. In 1909, "The Chattel Loan Business," by A. H. Ham was published.

7. Mr. Grafton talks of a "toothless" law. Loan Sharks in the small loan field have attempted to gain footholds in the following cities in the last two years but have been prevented by the Uniform Law: Baltimore, Davenport, Des Moines, Detroit, Jersey City, Norfolk, Philadelphia, Pittsburgh, Richmond, Roanoke and several others. These same loan sharks are distributing the Grafton article.

LEON HENDERSON,
Department of Remedial Loans,
Russell Sage Foundation.
New York City.

IOWA

The annual convention of the Iowa Industrial Lenders Association was held at Hotel Russell-Lamson and Hotel President, Waterloo, Iowa, April 16 and 17th, 1929.

The morning of April 16th, to one p. m. was given to registration and "get acquainted time" for all interested in the annual meeting.

At one o'clock luncheon was had for all in the Jade Room of the Russell-Lamson Hotel. T. J. Harrison gave an address of welcome and was followed by Mayor Glenn A. Tibbetts, of Waterloo, who responded in behalf of the citizens of Waterloo, Iowa. Music during the luncheon was furnished by Ona Crawford Bienke.

Promptly at 2 p. m. the meeting was called to order in Parlor L by Chairman Harrison. In the absence of A. Wernert B. J. Miller was appointed acting secretary.

The following member representatives licensees and guests were in attendance:

M. Aliber, Aliber & Company, Des Moines, Iowa; G. E. Albee, C. L. Pierce Co., Mason City, Iowa; Muriel Allyn, Black Hawk Loan Co., Waterloo, Iowa; G. T. Badger, President, A. I. L. A., Jersey City, N. J.; Burr Blackburn, Guest, Madison, Wisconsin; Wm. Des Beaulieu, Des Moines Loan Co., Des Moines, Iowa; V. L. Belt and wife, Black Hawk Loan Co., Waterloo, Iowa; F. Boldes, W. S. Robinson Loan Co., Lake City, Iowa; Harold Chernia, Iowa Loan Company, Council Bluffs, Iowa; Joe Cromwell, Beneficial Operating Bureau, Des Moines, Iowa; J. Christensen, Motor Finance Co., Charles City, Iowa; W. H. Cotton, Liberty Finance Co., Des Moines, Iowa; P. Dudley, Common Wealth, Clinton, Iowa; H. L. Davidson, Globe Loan Co., Des Moines, Iowa; E. H. English, Phoenix Finance Co., Des Moines, Iowa; L. Flinn, Beneficial Loan Assn., Des Moines, Iowa: R. E. Freese, State Loan Co., Des Moines, Iowa: Hilda Freed, State Loan Company, Waterloo, Iowa: S. Gottlieb, Capital Loan Co., Des Moines, Iowa; W. L. Glessner, Cedar Rapids Loan Co., Cedar Rapids, Iowa; Rand Henry, Guest, Des Moines, Iowa; H. Hulling, Phoenix Finance Co., Des Moines, Iowa: Tate Harrison and Wife, State Loan Company, Waterloo, Iowa; F. M. Humphrey, United Financial Service, Mason City, Iowa; L. V. Jones and Wife, State Loan Company, Waterloo, Iowa; Dr. S. Kline, Guest, of J.

Levitt, Sioux City, Iowa; Verna Kline, State Loan Company, Waterloo, Iowa; I. L. Levitt, Mutual Loan Co., Sioux City, Iowa; Ellis Levitt and Wife, State Loan Company, Des Moines, Iowa; M. S. Levitt, Mutual Loan Co., Sioux City, Iowa; H. B. Lutes, Cedar Rapids Loan Co., Cedar Rapids, Iowa; Harold Lyman and Wife Equitable Loan Corp., Waterloo, Iowa; Thos. H. Meickley, Iowa Household Credit Corporation, Marshalltown, Iowa; E. W. Meredith, Guest, Des Moines, Iowa; Dr. E. E. Magee and Wife, Black Hawk Loan Co., Waterloo, Iowa; W. J. Martens and Wife, Iowa Finance Co., Oelwein, Iowa; W. I. Marsh, Wm. I. Marsh Co., Chicago, Ill.; Laura Mathias, Equitable Loan Corp., Waterloo, Iowa; B. J. Miller, Household Finance Corp., Des Moines, Iowa; G. J. Meier, Premier Loan Co., Davenport, Iowa; Chas. R. Napier, Lawyer, Chicago, Ill.; Ray Newton, Guest, Des Moines, Iowa; Mr. Edw. Nutt and Wife, Equitable Loan Corp., Waterloo, Iowa; Geo. Ploghoft, Equitable Loan Corp., Des Moines, Iowa; Ray S. Paul and Wife, Black Hawk Loan Co., Waterloo, Iowa; C. L. Pine, C. L. Pine Co., Knoxville, Iowa; Ray Reynolds, Common Wealth Co., Indianapolis, Ind.; A. H. Runcie and Wife, Quick Aid Loan Co., Mason City, Iowa; J. C. Rockwell and Wife, Equitable Loan Corp., Ottumwa, Iowa; W. S. Robinson, W. S. Robinson Loan Co., Lake City, Iowa; Ed. L. Roth, Liberty Loan Co., Ottumwa, Iowa; A. P. Snite, Imperial Credit Co., Chicago, Ill.; M. F. Steffen, Guarantee Loan Co., Davenport, Iowa; R. L. Short and Wife, Equitable Loan Inc., Des Moines, Iowa; Harvey R. Shull, Federal Finance Co., Des Moines, Iowa; W. E. Steely and Wife, Black Hawk Loan Co., Waterloo, Iowa; C. H. Truedson, Guarantee Loan Co., Davenport, Iowa; John A. Thompson, Thompson Finance Corp. and Loan Co., Shelbyville, Ind.; O. B. Van Hosen, Phoenix Finance Co., Des Moines, Iowa; F. M. Whiting, Common Wealth Co., Davenport, Iowa; Leslie Whitmer, Provident Loan Assn., Sioux City, Iowa.

1. Roll call of the Iowa Members and Licensees.

2. Thirty-eight representative companies were present.

3. Minutes of the 1928 meeting were read and approved.

Immediately following, our good member, Wm. DeBeaulieu, lost no time and words in calling for the delinquent members to come forward and pay up and it was a great success. Money came in very fast from all sides.

Four new members were taken into membership. National Vice-Chairman Al Snite, of Chicago, gave a splendid address on "Why Belong to the I. I. L. A."

T. J. Harrison emphasized the importance of this meeting. G. J. Badger, President of the A. I. L. A. gave a very interesting and forceful address on "The Economic Necessity of the Small Loan Business."

T. J. Harrison gave an address on the 1929 Legislative Proceedings. Francis Thompson, Past President of the A. I. L. A. gave an address on "Personal Relations Department of the A. I. L. A."

The meeting was adjourned at 4:30 p. m until 10 a. m. the next day.

At 7:30 p. m. a smoker and buffet dinner was held in the Jade Room. Music by Court Husseys Orchestra. The food was excellent and those present responded in song. Three exhibition boxing bouts were held and were enjoyed by all. Dutch Schmidt's Entertainers gave several good numbers.

Wednesday, April 17, 1929

Meeting was called to order by Chairman Harrison.

Wm. DeBeaulieu gave an address on 1929 Legislation activities. There was a discussion of Advertising by Ellis Levitt of Des Moines.

A discussion of coöperating with the State Banking Department was had by Frank Dunshee, Al Snite and Ellis Levitt.

Resolutions adopted to-wit:

It shall be the policy of the members of the I. I. L. A. to abide by all rulings of the State Banking Department and we shall refrain from such phrases as are objectionable to the Department, such as: "Lawful Interest," "Legal Interest," "Under Banking Supervision," etc.

A very forceful and straight forward address was given by the President of A. I. L. A. Badger on "Ways and Means of Meeting Legislative Expense."

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MURPHY BUILDING

INDIANAPOLIS, U. S. A.

V. Leon Belt, of Waterloo, acting Chairman, called for nomination of officers. A Nominating Committee consisting of Ellis Levitt, Joseph Cromwell and J. C. Rockwell, was appointed.

The report of the Nominating Committee is as follows: Wm. DeBeaulieu, Chairman; Ben J. Miller, Vice-Chairman; Loren Flinn, Secretary; and Henry Hulling, Treasurer.

Motion by J. Thompson, that a unanimous ballot be cast for ticket. Moved, seconded and accepted.

The Executive Committee was appointed consisting of officers and V. Leon Belt, Leslie Whitmer and Tate J. Harrison.

Chas. R. Napier, Esq., of Chicago, gave an interesting talk on "Foreign Small Loan Laws." Frank Dunshee gave an address on "Legal Proceedings."

Burr Blackburn, of Madison, Wisconsin, read a paper on "Research of the Small Loan Law" and it was so well prepared and of such value that a resolution was adopted that six copies in pamphlet form be sent to each member.

Wm. DeBeaulieu was presented with a solid platinum diamond ring in appreciation of his excellent work in behalf of the association. Leslie Whitmer invited the 1930 Convention to Sioux City, Iowa, and was voted upon and invitation accepted. No further business was had, so the meeting adjourned until 6:30 p. m. to the new President Hotel for a banquet and dance in the Gold Room.

The speakers of the evening were:

Introduction of Toastmaster, by T. J. Harrison; Response of Toastmaster, Harry M. Reed; Address by G. J. Badger, President, A. I. L. A.; Address by Al P. Snite, Vice-President, A. I. L. A.; Address by Chas. R. Napier, Attorney, Chicago.

Speaker of the evening, J. H. Hudson, of the Illinois Chamber of Commerce on "Push, Pep, Prespiration."

Entertainment by Dutch Schmidt, and dancing until the 'wee hours' and the music was furnished by Harold Lyman's Aces."

It was the consensus of opinion that this meeting was one of the best, peppiest, and most successful meetings held by the I. I. L. A. A vote of thanks was given to T. J. Harrison for his efforts and success in making this meeting a banner one.

L. W. FLINN, *Secretary.*

GEORGIA SUPREME COURT UPHOLDS INDICTMENT OF GUARANTEE SHARK

The following items should be read together and with knowledge of Major Boyd's persistence:

Appearing in April 12, 1929 issue of the Atlanta Constitution:

"UNLICENSED LOAN FIRM HEAD LOSES INDICTMENT FIGHT"

"Indictment of James L. Morgan, in Fulton County, on a charge of operating a loan agency without a state license, with making loans of $300 or less at interest in excess of 8% and with charging more than 3½% interest a month was upheld by the supreme court in a decision handed down Thursday.

"When the indictment was returned by the Fulton County grand jury Morgan took out a habeas corpus writ against Sheriff J. I. Lowry. Judge E. E. Pomeroy dismissed the writ and the case was appealed to the supreme court. The supreme court decided in favor of Sheriff Lowry. The sheriff was represented by Howell, Heyman and Bolding, Carlton W. Binns and John A. Boykin, while Morgan was represented by R. R. Jackson and C. C. Moore.

"Officials of the Junior Chamber of Commerce anti-loan shark committee announced Thursday night, following the decision that they will now press charges of a similar nature which have been held in abeyance, pending the high court's ruling. It was stated that cases against dozens of unscrupulous operators are ready for presentation to grand juries and that in addition to criminal actions, several civil suits also may be filed.

"The junior chamber has for some time been active in the drive against loan sharks and a few months ago named a committee to deal with the question in a vigorous way."

DECISIONS OF GEORGIA SUPREME COURT— APRIL 12, 1929

6782. Morgan v. Lowry, Sheriff. Habeas corpus; from Fulton superior court—Judge Pomeroy.

Beck, P. J. The application for discharge from custody was based upon the ground that the indictment on which the applicant had been tried and convicted was void, being based upon an unconstitutional act of the legislature. The indictment charged (count 1) that he did engage in the business of making loans of credit in amounts and to the value of $300 and less, and that he did charge, contract for, and receive a greater rate of interest than 8%, per annum on loans "for the use of said credit, and as interest on said loans of credit, without having a license from the State Banking Department"; (count 2) that he "did engage in the business of selling his credit in amounts and to the value of $300 and less, and did charge, contract for, and receive a greater rate of interest on said loans than 3½% per month, for the use of and as interest on said loans of credit." Held: 1. The title of the statute (Ga. L. 1920, p. 215) being "an act to license and regulate the business of making loans in sums of $300 or less, secured or unsecured, at a greater rate of interest than 8% per annum; prescribing the rate of interest and charge therefor, and penalties for the violation thereof; regulating the assignment of wages or salaries, earned or to be earned, when taken as security for any such loan; and for other purposes," Sections 1, 17, and 18 of that act are not unconstitutional as violative of the provision against the passage of a law referring to more than one subject-matter, or the provision as to protection of person and property, or the due-process clauses, or the provision as to separation of legislative, judicial, and executive powers. Nor are those sections of the statute so vague, uncertain, and indefinite as to be void.

MORRIS PLAN IN NEW YORK

Appearing in *United States Investor*
April 6, 1929

Under the above heading, Wallace D. McLean, Executive Vice-President of the Morris Plan Company of New York, comments interestingly on his institution in the April 6, 1929 issue of the *United States Investor.* The following highlights are culled from this article.

1. "The Morris Plan was introduced the New York public December 31, 19 A review of the articles and editorials that period place it in the news as semi-philanthropic endeavor, sponsor by men widely known for their inter in civic betterment; and as a measu introduced to crush the so-called lo shark.

2. "Every new movement has its en mies and its critics. This was no exce tion. If good character and earni power were proved a proper basis for t granting of credit, the end was in sig for the prosperity of the unscrupulo money lender.

3. "Between opening date, and Augu 31, 1917, there were 51,349 loans ma for $6,360,000. Ten thousand of the men and women sought loans of fro $100 to $200. Only 87 borrowed $1,0 or more.

4. "The largest number of borrowe in that period were clerks, and the se ond largest, owners or partners in sm enterprises—neighborhood grocers, etc.

"The community business man saw i mediate financial opportunities in t new form of banking, and today, at t end of 14 years, thousands of merchan in Greater New York borrow yearly f purposes such as discounting bills; pu chasing stock, taxes, insurance, pay ro etc.

"This may raise a question as to wi the merchant doesn't use his commerc bank. He does, but when the point h been reached where his credit may ha temporarily reached the limit there, a he faces an emergency with need for a ditional funds, he uses industrial banki agencies. The obligations may be ca ried simultaneously without confli There are also thousands of merchan who do business on such a narro margin, they never can establish comm cial bank credit. For them, a specializ form of credit is essential.

5. "From 1915 through August, 19 48,439 of the borrowers were men, a but 2,910 women. This is in striki contrast to the present-day situati when in November $63,590 was paid o to women through one office of the co pany. During December, the Wome Department reported it had passed t half-million mark for the year. Wom are rapidly learning to use credit. Ma of the recent loans to them have been f sums as large as $2,000 or more.

6. "In practically each instance wh a Morris Plan Bank or company h been organized, its service for a peri of time is largely remedial, that is to s the majority of its loans are for st purposes as payment of bills for sickn and other extreme situations. Later t condition changes, and much is loan for constructive purposes. In the Mor Plan Company of New York, more th half the loans are now made for co structive and progressive expenditu college education, for instance, are f quently underwritten thus, while the nu ber of vacuum cleaners, electric washi machines or ranges, new heating equ ment and other labor-saving devi which go into the homes via this ro are too many to count.

7. "Loans in the New York Compa now approximate 10,000 in number ea

nth, and total about $3,000,000 every days.

. "There are, of course, many other les in connection with industrial bank- practice. The sale of investment tificates has reached wide proportions. New York the public owned $29,000,-) of such securities. Throughout the ited States the total exceeds $90,000,-). This is the backbone of the Plan, without investment there could be fund for lending—so the small investor he financial 'brother' of the small bor- ver."

A New Activity

. "A new activity is rapidly develop- —the trade acceptance. In New York angements have been completed with ny dealers to finance household equip- nt on such a plan that both purchaser l dealer will benefit, and the commod- sell at a fair price.

0. "Several of the greatest banks in United States have seen fit to extend ir service to include the granting of all loans, within the year. The result increased public interest in the sub- t, and increased use of credit. With- five years industrial banking will no ger be classified as 'small loan busi- s,' but rather as a definite part of nce—not at all unusual or bearing stigma.

1. "Morris Plan institutions now oper- in 131 cities. Since the first one ned in Norfolk, Virginia, in 1910, y have loaned more than eleven hun- d million dollars. The individual rec- of the Morris Plan Company of New rk is $228,000,000, or about $35 for ry inhabitant of Greater New York."

MASSACHUSETTS

The Quarterly Luncheon Meeting of Massachusetts Industrial Lenders sociation was held on Wednesday, ril 17, 1929, at 12:30 p. m., at the w Parker House, Boston, Massachu- ts, at which thirty-one (31) were ted at luncheon.

Roll Call

). J. Cote, Personal Finance Company, mbridge; S. G. Harris, New England uity Corp., Boston; J. A. Brennan, w England Equity Corp., Fall River; n C. Thurner, New England Equity rp., Boston; W. P. Hunnewell, New gland Equity Corp., Fitchburg; E. Williams, New England Equity Corp., well; D. E. McLaughlin, Mutual Ind. rvice, Lowell; S. R. Gurgie, E. B. lumbus Association, E. Boston; W. Baldwin, Hub Loan Company, Bosto ; J. Levonsohn, Beneficial Loan Soci- , Inc., Dorchester; A. M. Michelman, leral Loan Company, Pittsfield; Frank Reed, Beneficial Operating Bureau, ., New York City; F. M. Gannon, lustrial Bankers of Quincy, Quincy; F. Hurd, Beneficial Loan Society, Inc., ston; W. W. King, Personal Finance mpany, Malden; L. E. Menadue, neficial Loan Society, Inc., Lynn; ginald H. Smith, Counsel, Boston; rl E. Davidson, Supervisor of Loan encies, Boston; D. J. Wholey, Amer- n Loan Society, Lowell; H. J. Desor- ux, American Loan Society, New dford; B. W. Parker, School Street an Co., Boston; Morris Greenman, n Dam Loan Company, Inc., Boston; stin R. Bull, National Loan Society of Boston, Boston; William E. Norton, National Loan Society, Cambridge; Thoas. P. Corcoran, Jr., Pioneer Loan & Finance Corp., Westfield; A. G. Zimmerman, Beneficial Operating Bureau, Inc., New York City; W. A. Farrell, New England Equity Corp., Lawrence; J. M. Lorden, Ideal Finance Association, Inc., Boston; M. W. Newman, Ideal Finance Associaton, Inc., Boston.

Order of Business

Chairman, Mr. Wholey, called the meeting to order at 2:15 p. m. Earl E. Davidson, Supervisor of Loan Agencies of Massachusetts, was introduced. Mr. Davidson spoke on State forms and regulations in the operation of the Uniform Small Loan Law of Massachusetts. Mr. Davidson's talk was very interesting, as well as instructive, to all licensed lenders. A rising vote of thanks was given Mr. Davidson for his splendid talk which was so well received and appreciated by those present.

Reginald H. Smith, our association counsel, was next presented. Mr. Smith reported on violators of the Uniform Small Loan Ethics, and spoke on the merits of the Small Loan Business and the Association, which was very interesting to all present. A rising vote of thanks was given Mr. Smith for his splendid report of work done as counsel for the association as well as his very interesting talk on the Uniform Small Loan Law.

Mr. Smith stated that he spoke on the air from a New York studio a short time ago on a coast to coast hook up, regarding the Uniform Small Loan Standards.

It was so voted to accept Mr. Smith's report and place on the records.

The Officers' Report

Secretary's Report.

Secretary read the minutes of the previous meeting, also the secretary's report of the last banquet, on January 26, 1929, at the Hotel Statler, Boston.

The Total Receipts $1,380,00 and Disbursements $1,505.40. Membership report of sixty (60) members in the association at this reading. Motion made and seconded that the reading of the minutes of the previous meeting and Secretary's report be accepted as read. It was so voted, accepted and recorded on the association records.

Treasurer's Report.

The Treasurer reported receipts of $1,380.00, and disbursements of $1,505.40, which corresponds with the Secretary's report.

Motion made and seconded that the Treasurer's report be accepted as read. It was so voted and accepted.

Legislative Committee—Mr. Zimmerman, Chairman, reports that nothing alarming is taking place at this time and that every thing is going along smoothly.

Motion made and seconded that the Legislative Committee report be accepted. It was so voted, carried and accepted.

SPECIAL

Committee on Regulation and By-Laws—Mr. Wholey, Chairman, reports that this committee report in progress and it was so voted and carried.

Grievance Committee—Mr. Zimmerman, Chairman, reported two cases of violators of the Uniform Small Loan Law Ethics by over-charge of interest. This matter was suggested turned over to Supervisor of Loan Agencies, Mr. Davidson. He, being present, the report was handed over to him for attention. Mr.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia and the New Method Loan Co., Springfield, Mass. Information upon request.

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Spot Cash Paid

for an office or chain of offices in Pennsylvania. We will pay a good price for each office purchased.

Replies in Strict Confidence

GIRARD INVESTMENT COMPANY

President's Office

226 South Fifteenth Street Philadelphia Pa.

Davidson assured the members that this complaint would receive his immediate and close attention.

Motion made and seconded that the Grievance Committee report be accepted. It was so voted, carried and accepted.

NEW BUSINESS

Membership Committee, Mr. Wholey, Chairman. The chairman reports two applications for membership were received and believe they are eligible for membership.

Names of applicants: Federal Loan Company of Pittsfield, Inc.; Guaranty Loan Plan, Inc., of Greenfield.

Motion made and seconded that the above named companies be accepted as members of this association as of this date, April 17, 1929. It was so voted and recorded on the association records, as accepted.

UNFINISHED BUSINESS

Mr. Newman suggested publicity of the Small Loan Business in its true light and a general discussion took place. At this time, Supervisor of Loan Agencies, Mr. Davidson, informed those attending the meeting that he would coöperate and that he would talk on the Uniform Small Loan Law of Massachusetts, through station WEEI at 7 p.m., on May 1, 1929, at Boston. Mr. Davidson was informed by the chair that such publicity was appreciated by the association and in behalf of the association thanks were extended to Mr. Davidson for his coöperation.

The By-Laws came up again for discussion. Mr. Smith, the association counsel, suggested some slight changes (in Article II—PURPOSE) (Laws of 1921 and not 1923) and (In Harmony With Its Vital Principal) Instead of (Containing its Vital Principal). Motion made and seconded that the Constitution and By-Laws of the Massachusetts Industrial Lenders Association be accepted with Mr. Smith's amendment as above. It was so voted and carried.

The Secretary brought to attention the matter of purchasing a brief case for the association records, and paid from the association funds. Motion made and accepted that the Secretary purchase a brief case in connection with his duties and records. It was so voted, carried and recorded.

A motion made that a fee of $100 was due Mr. Reginald H. Smith, as retaining counsel for a period from April to October 1929. The Treasurer was instructed to forward check to Mr. Smith for amount of $100 due in advance. It was so voted, carried and recorded on records.

Motion made that the next association quarterly meeting be held on July 17, 1929. The place to be named by the Executive Committee in due time for arrangements to be made for the meeting. It was so voted and carried.

There being no further business to come before the meeting it was agreed and carried to adjourn at 4:15 p.m.

D. J. COTE, *Secretary.*

PADUCAH LOAN SHARK CASES

Three hundred suits against loan sharks have been filed by counsel for the Borrowers' Protective League, and Thursday of each week has been set aside for hearings.

SMALL LOANS NOW FEATURED

Bankers Awake to Opportunities in This Direction—Demanded by Public

BY FREDERIC J. HASKIN

Washington, April 2—The small borrower of money is not being overlooked by captains of finance in these days of billion dollar transactions. Congress has been pondering over farm relief programs involving hundreds of millions of dollars in credit and has been worrying about similar amounts being lent for speculative purposes at the New York money market. Meantime, many forward-looking bankers are awaking to opportunities for making profits on the one hand and for performing a much needed public service on the other in the field of small loans.

The problem of the man who wants to borrow from $50 to perhaps $300 or $500 is an old one. It was a problem before the dollar was known. It continues to be a problem but its proportions have grown so huge that financiers now are beginning to see that profit may arise from solving it and where profit beckons service is pretty sure to follow.

It is obviously impossible to make even a wild estimate of the amount of money lent in small amounts for the accommodation of individuals. Much of it changes hands on a personal basis with no possibility of a record being kept. However, the Russell Sage Foundation, which has undertaken many important studies of a sociological nature has made an estimate on the basis of such small loans as are made through recognized channels. Such channels include the so-called loan sharks and also pawn brokers. In some states private lenders are licensed and it is possible to obtain some idea of the amount of business they do.

So on the basis of available information the Sage Foundation estimates that during the last year these small loans amounted to the colossal sum of $3,000,000,000. In New York City the business of small lending is especially well recorded and it is found that in 1927 it amounted to $341,000,000 for that one city alone. This huge sum was made of approximately 2,000,000,000 separate transactions.

In America especially great fortunes have been made out of small sums. When street cars were first inaugurated many old-fashioned business men laughed at the idea of any one being able to make money out of transportation service for which only five cents was charged. Nevertheless, the traction companies grew rich. The five and ten cent stores were no more than a joke when they first started out, the fortunes they have built are almost proverbial.

So important banks are now looking with more than passing interest at this small loan business. Even at 6 per cent a business of small loans $3,000,000,000 in volume pays a return of $180,000,000 a year. This sum which even the biggest financial institutions cannot afford to scorn. As a result some important banking institutions put in small loan departments for the express purpose of making loans of $50 and upwards depending upon large volume to bring in a profit.

One of the things which prompted this innovation was the success of certain labor union banks. Such banks as the one established by the Un Clothing Workers in New York showed what a large volume of busi could be attracted. The labor unions not start their banks for the purpos making money but rather to accommo workers who could not get small l in any other way unless they were ing to fall into the hands of the sharks and pawnbrokers. But they found that money is to be made ou such enterprises. It is the policy of labor union banks, however, not to the profit but to apply it in such a that the interest rate to the borro may be lowered.

Pawnbroking is one of the oldest most profitable businesses in the world. is the poor man's bank. Much trag and heartbreak are associated with business because tangible pledges alw are taken and very high interest r must be paid. In some jurisdict pawnshops are not allowed.

The individual loan shark preys u the man in need of a small sum. charges rates which often amount t much as 50 per cent or more. Ther something to be said for him, howe He operates with his own capital w is usually small. He takes risks ne sarily. And he is the friend in nee the poor man suddenly requiring a l money to meet the expenses of birt death. He is a usurer to be sure, the borrower borrows of his own will in one sense however much h driven by a cruel necessity in another

It is impossible to compute the am of money lent in offices, factories, other places where workers congre "Lend me $5 until pay day and I will you back $5.50" is an old refrain h everywhere. The borrower may that $5 for food and 50 cents seem him a fair recompense for the us the money until pay day. Let us ass pay day to be a week off. The borr who enjoys the use of the $5 for week is paying interest at the rat 520 per cent per annum.

Companies, often of a coöperative ture and fostered by labor unions, doing what they can to meet the ation but for the most part they capital. Even they must charge high rates to pay the cost of oper without any consideratoin of profit small loan business, like a street car five and ten cent store business, ca be conducted at low cost unless volume of business is large. If on few people rode in street cars the would have to be higher than ta fares. The Sage Foundation notes case of a small loan company whic cently floated an issue of securitie order to raise money for making s loans. This enabled the institutio expand its business to such an e that it was enabled to reduce charg all borrowers by one-third."

The big banks, with their enor resources, would not have to issue curities. They could turn all the they desire into small loans and op at the lowest possible cost. It is perf true that it costs as much in book ing and overhead to make a $100 as a loan of $50,000. Large volun therefore essential.

The Morris plan banks require endorsements on a note of hand b making a loan. The Sage Found

(Concluded on page 16.)

A Meilicke Calculator in any loan office is an indication of fairness and efficiency

No task should be done in one way that can be more economically done in another

The Combination Time and Interest Calculator

Can you rely on others to figure time and interest ACCURATELY?

Are the operatives in your office the kind you feel must be *checked up* for fear they will make mistakes in figuring time or interest on loans?

If such be the case, you are handicapped. It's not your cashier's or anyone else's fault; it's *yours!*

For errors creep into *mental* labor more readily than physical. And it's natural for a loan office principal to feel that, if he first verifies the interest or elapsed time on a loan, his organization is just so much more efficient.

The Time Finder

But that's a mistaken feeling! To prove it, step into almost *any* successful loan office. You'll *never* see a principal "checking up" on cashiers! The entire process of business will be running like a well-oiled machine. Mistakes and delays are unknown; speed and accuracy here are watchwords.

For each cashier will be depending on Meilicke Time and Interest Calculators for answers, rather than himself!

There is nothing mechanical to them; no levers to pull or buttons to push. No guesswork in their operation; it's simply a matter of opening the Calculator to the number of days in the duration of a loan, and finding a table of *all answers* at *your rate of interest,* on the principle.

Or by referring to the Meilicke Time Finder and determining *at a glance* how many days elapse between any two dates in the year.

Try One in Your Office at Our Expense

If you will let us know your interest rates on the coupon below, we will send you the Calculator you need *free* for 30-days' trial.

The Collector's Pocket Calculator, now made at any rate.

Do You Know What They Are?

Meilicke Calculators are simply tabulated systems of answers to various rates of interest on any sum your clerks ordinarily figure interest on, during the course of their work.

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Please send us, on 30-day free trial, a Time and Interest / Interest / Time / Pocket Model Calculator*—for—%.

Firm .....

Address .....

Attention of .....

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Time Saving Devices

*Strike out words not applicable.

These Calculators are made for the following rates: 1½%, 2%, 2½%, 3%, 3½%.

Name the kind you want, and tell us the rate. We will quote you a special price.

SMALL LOANS NOW FEATURED

(Concluded from page 14.)

estimates from 75 per cent to 85 per cent of the demand for small loans is from persons who can provide no endorsers. Against that situation, however, the Foundation's inquiries show that the small borrower is honest and repays his loan. An analysis has revealed that losses in the recorded small loan business amount to only one per cent.

Growing realization on the part of big banks that there is money to be made out of this business gives promise of bringing substantial relief to the millions of small borrowers who have no securities to hypothecate, no friends to endorse their notes, and nothing but their need and their honesty to recommend them.

HIGH COURT UPHOLDS GEORGIA REGULATION OF LOAN COMPANIES

The Georgia law regulating loan companies and their interest charges was upheld in two cases decided by the Georgia Supreme Court.

The supreme court upheld the indictment of James L. Morgan, Atlanta loan operator, charged with operating a loan agency without a state license, making loans of $300 or less at an interest rate in excess of 8 per cent, and charging more than 3½ cents per month interest. Morgan took out a habeas corpus writ against Sheriff James I. Lowry, which was dismissed by Judge E. E. Pomeroy in Fulton Superior Court. The high court upheld this ruling.

Answering a question certified by the state court of appeals in the case of Mathis against the Fulton Industrial corporation, the supreme court ruled that the state superintendent of banks is authorized to issue licenses to loan companies, although the law requires that they be issued by the "state bank examiner." Under the new banking act the state bank examiner became the superintendent of banks, the high court held.—*Atlanta Journal,* 4-11-29.

KEEPING LOANABLE FUNDS AT HOME

Legal limitations in Pennsylvania fix the maximum rate of interest on collateral loans at six per cent. When money is tight, bankers in this State partially circumvent the law by requiring that the borrower at six per cent shall keep a fixed percentage of the proceeds of his loan on deposit in the lending institution. The borrower has the use of but a portion of the sum on which he is paying interest at the maximum rate, and receives as a partial offset two per cent from the bank on the balance on deposit. The net result to the lender is a lawful return higher than that contemplated by the statute.

A bill now in Governor Fisher's hands removes the six per cent restriction on money loaned on call, in sums larger than $5,000, thus enabling bankers to fix interest rates more consistent with those prevalent in New York. The effect of this measure, banking and stock exchange interests agree, will be to keep Pennsylvania money from gravitating to New York in times of stringency, and thus to relieve the strain on credit within this state. Obviously, when New York rates are so much higher than those permitted in Pennsylvania loanable funds will be sent to the point where their earning capacity is greater, with the result that the Pennsylvania borrower, while enjoying the ostensible advantage of a cheaper rate, is handicapped.

Call money is used for speculative purposes chiefly. But the attractiveness of the New York money market adversely affects the interest of the local commercial borrower. Keeping Philadelphia money at home will strengthen local financial institutions and indirectly, if not directly, help all local borrowers.—*Philadelphia Bulletin,* 4-12-29.

LOST OPPORTUNITY

A Wisconsin "citizens' committee" headed by Professor John R. Commons, the economist, has just issued a report on operation of the Russell Sage Foundation small loan law in that state. It is a pity that this report was not made a week sooner. If a copy had been in the hands of every member of the Minnesota House of Representatives it is safe to say that at the present moment the loan shark evil in St. Paul, Minneapolis and Duluth would be headed for extinction instead, as is the case, of being safely entrenched for another two years.

Professor Common's committee has come to eight conclusions about this legislation on the basis of which it recommends that "the small loan law enacted by the Legslature of 1927 should be retained." It finds that the law is functioning with brilliant success, saying: "We are fortunate in having brought this business under the supervision of an efficient and capable department of banks, and are already, within one year, finding that the rate of interest has been reduced by the largest company to 2½ per cent (a month)."

The committee thinks that if the law is left alone, more and more capital will enter the small loan business and increasing volume of financing will make it possible to lower the present legal maximum of 3½ per cent a month. To do so now, however, would give a monopoly to the largest company, which is the only one able to make a profit at 2½ per cent and has voluntarily established that rate. The committee points out the interesting fact that although the legal rate is 3½ per cent a month, because this is taken only on unpaid balances, the actual interest on a typical $100 loan is not 42 per cent a year, as appears, but 22½ per cent. And because the largest company is lending at 2½ per cent, one-third of the money loaned is paying an actual rate of only 16¼ per cent on $100. This compares with the 100 to 400 per cent taken by loan sharks.

Minnesota can enjoy the same benefits of this law as Wisconsin any time its legislators close their ears to the loan sharks and consider this question from the viewpoint of the public interest.—*St. Paul Pioneer Press,* 4-17-29.

MICHIGAN

The Semi-Annual Meeting of the Michigan Industrial Lenders Association Was Held at the Hotel Durant in Flint on Thursday, April 18, 1929

The meeting was called to order at 10:30 a. m., by J. J. Bentley, Chairman. W. G. Stevens, Secretary, next read the minutes of the previous mee which were approved as read, and the report of the Auditing Committee balance of the morning session cons mainly of routine matters.

Luncheon was served in the Ban Room at 12:30, at which time our P dent, Mr. Bentley, introduced Mr. I B. Gilbert, Superintendent of the M gan School for the Deaf, who gave u excellent address. The main them Mr. Gilbert's talk was the propelling tive of mankind, and in analyzing motive power which drives us onw Mr. Gilbert stated that "Four dis periods must exist to accomplish this pose, viz., Attention—Interest—Des Action and a coördination of these result in the accomplishment of specific purpose." Mr. Gilbert has g some close thought to human psycho and his address was very well receive evidenced by the manner in which he the closest interest of his hearers.

The afternoon session was dev mostly to matters of interest particu affecting our business, and the "que box" elicited many good queries and cussions which were interesting to a us.

F. C. Hootman and E. G. Clancy appointed on the Legislative Comm

J. J. Bentley was appointed dele to the National Convention to be he Philadelphia this fall. W. G. Ste was elected alternate.

Six new members were admitted the association and considerable int was manifested by several others wh pect to join with us in the near futu

Forty-six members were presen this meeting and at 6:30 they, with guests, assembled in the Banquet R After an excellent dinner was served Toastmaster, F. S. Whaler of G Rapids, introduced the first speake the evening, Mr. E. R. Klein of Chi who in his own inimitable way, told eral anecdotes which were enjoyed b of those present. The next speake the evening was Attorney Wm. Blackney, of Flint, who gave us a refreshing address on the educational recreational value, as well as the psy logical effect of a good library.

Mr. Blackney in his remarks, ma very plainly understood that it was necessarily an expensive library that the most intrinsic value, but one v carried old traditions, and which also a soothing and lasting effect on reader. It is not often we listen t address of this particular character, it was very "soothing" to all of t evidenced by the applause which gr Mr. Blackney's remarks.

The remainder of the evening wa voted to singing and dancing and a " time was had by all."

Much credit for this meeting mu given to the Committee compose Theo. G. Adams, Chairman; Ra Thorpe, Ira Buckner, Saul Wein Harold Williams, and Richard H. F who arranged all details for the prog

Guests at the meeting included F G. Clench of the State Banking De ment, C. C. Woodley of Toledo, F Klein of Chicago, and L. K. Osbor Columbus.

The annual meeting will be hel Detroit on Thursday, October 17,

C. R. DUDLEY
Chairman of the Publicity Committ

Conclusions Reached by the Kansas City Committee on the Loan Shark Problem

WHAT DO STATE OFFICIALS SAY ABOUT THE UNIFORM LAW?

he following comments are taken from ers received by the committee from ember, 1926, to February, 1927, inive, from state officials charged with inistering the Uniform Law:

ONNECTICUT—BANK COMMISSIONER

n our opinion, the small loan law such we have operating in this state has n very helpful both in curbing the loan rk and in providing the working man n loans.

ILLINOIS—DEPARTMENT OF TRADE AND COMMERCE

Yet, because of the character of seity which Small Loan Lenders are npelled to accept and the fact that r notes are not negotiable, the rate of erest at the present time is low enough. borrower obtaining money from a all Loan Lender and paying him 3½% month pays an average of 19% for loan if the loan is extended over a iod of one year, and it should be ne in mind in considering this rate of erest that the people who apply to a all Loan Licensee for a loan would re no standing whatever in a bank. e rate of 3½% per month is, of course, ver than many of the unlicensed lend- are demanding and collecting from ir borrowers, and a lower rate than s would probably fail to attract suffint capital in the business to meet the nands of those applying for loans. e Uniform Small Loan Law was en- ed for the purpose of protecting borrowers and it is the observation of this department, that the law has served in a great measure to accomplish this purpose.

IOWA—DEPARTMENT OF BANKING

For the past four years I have given these lenders at least annual examinations and it is my opinion that the 3½% rate is not too high considering the hazardous nature of the loans, the character of security, and the high overhead incident to conducting the business in the manner required by law. There have been very few attempted evasions of the law and the consensus of opinion is that the Uniform Small Loan Law is the best plan yet devised for caring for the needs of impecunious borrowers who are without banking credit.

MARYLAND—BANK COMMISSIONER

I would say that I cannot think that the legal rate of 3½% a month is unduly high. Many of those who have engaged in the business have found that the overhead expenses were so high that there was no margin for profit and they have retired from the business. On the other hand, some of them who had sufficient capital employed found the business profitable and on the whole the law has worked satisfactorily and seems to have entirely done away with the "loan shark" evil.

OHIO—DEPARTMENT OF COMMERCE

The Department believes that the law is going a great ways to curb loan sharks, inasmuch as all licenses must be examined once a year.

PENNSYLVANIA—DEPARTMENT OF BANKING

We had our original small loan act amended to conform with it (Uniform Small Loan Law) in its main features. We feel that we now have definitely curbed the loan shark in Pennsylvania. The business, now that it has been made legitimate, is in the hands of respectable lenders, who for the most part endeavor to operate honestly and live up to the spirit of the law. The borrower now knows definitely, when he gets a loan, just what the cost will be to him, just when payments are to be made and when he will be out of debt. He knows he is protected by law and that he cannot be hopelessly entangled.

Employes are not encouraged to stay in debt by the legitimate lenders, as was the case in the old "loan shark" days, and every borrower must show a definite need for the money before he gets it. The small loan law is most certainly a benefit to the working man. He cannot borrow money at the banks as a rule and is compelled to go to the lender when in need of cash. The law then protects him from being taken advantage of by the lender.

RHODE ISLAND—BANK COMMISSIONER'S OFFICE

As far as we are able to judge it has driven people out of the state who loan small amounts at exorbitant rates and did not wish to comply with the provisions of the "Small Loan Act." We consider it has been a great benefit to people whose circumstances are such that they are obliged to borrow money from legalized small loan lenders.

WHAT IS THOUGHT OF THE LAW WHERE IT IS IN EFFECT?

In order to get first-hand information to the practical operation of the Uniform Law in other states, the committee dressed letters, asking definite questions, to the following in each of the enty-three states operating under the v: Social Service Agencies, Better siness Bureaus, Chambers of Comerce, Community Chests, State Banking epartments, Public Officials, Legal Aid ireaus and employers. In all 88 res were received.

The first question asked:

1. What in your opinion has been the ect of the Uniform Small Loan Law curbing the loan shark?

Seventy-nine replied that the law has en effective in curbing the loan shark; reported no serious loan shark problem; reported no effect observed; 3 either ated that they could not answer the estion or failed to do so without comnt.

The second question:

2. Do you consider the Small Loan Law a benefit to the working man?

Sixty-eight answered in the affirmative; 4 replied in the negative; 3 gave evasive answers; 13 failed to express an opinion on this question.

The third question:

3. Has the Small Loan Law had a tendency to encourage employes to borrow money, thereby keeping them in debt and compelling them to pay interest from month to month?

The replies to this question were of a varied nature on account of the fact that there is no basis for a reply except in most cases personal opinion. Forty-eight expressed the feeling that it did not encourage employes to borrow money; 6 expressed the opinion that it did encourage borrowing; 34 either failed to answer the question, stated they were not qualified to answer, or qualified their replies in some way.

The fourth question:

4. What changes, if any, would you suggest in the law as in effect in your state?

Twenty-eight definitely stated that they would recommend no change in the law as in effect on the statute books of their respective states; 9 recommended that the law be changed to prohibit the operation of salary buyers (these suggestions came from Georgia, Illinois and Ohio); 5 referred to the necessity for strict supervision by the State Banking Department; 39 either failed to answer the question, expressed their inability to criticise the existing law or made suggestions in regard to the administration of the law; 7 recommended changing the interest rate, usually to conform to that of the Uniform Law.

HOW DOES THE UNIFORM SMALL LOAN LAW WORK IN PRACTICE?

Following are comments taken from ters received from agencies coming in se contact with the evils of the loan ark system in states which have the niform Law:

AKRON—BETTER BUSINESS COMMISSION

Sources consulted advise that the Small Loan Laws have greatly limited the activities of Loan Sharks, although it has probably not entirely eliminated such activities.

AKRON—FAMILY SERVICE SOCIETY

The Uniform Small Loan Law has

curbed the loan shark to a very marked extent. Before the passage of the law there were a large number of concerns exploiting the public on small loans and now there are not more than four or five companies making small loans in addition to the Morris Plan Bank.

ATLANTA—LEGAL AID SOCIETY

Our small borrower, in this city, is a very irresponsible individual, due to plundering methods of loan sharks in effect here for over twenty years. As he becomes more responsible we can reduce the rates of our Small Loan Act on chattel mortgages. At present he requires lots of collection service under amortization plan of repayments and on small loans the service calls for the present rate.

ATLANTA—JUDGE OF CITY COURT

My opinion is that the loan shark situation in Georgia is vastly improved since the passage of the Small Loan Act. There is undoubtedly yet room for improvement, but I know that the Small Loan Act has helped wonderfully.

ATLANTA—JUNIOR CHAMBER OF COMMERCE

We think a great deal of our Small Loan Act in this state. Its rate of interest is apparently very high, but one understanding local conditions here would not think of reducing the rate to any extent. We are waging a fight here on salary buyers and they in turn are striking back in every possible way, and calling the attention of the public to the apparently high rate of our licensed money lenders. It is my idea if Missouri wants to adopt a Small Loan Act, that it should be very careful to eliminate the salary buyers by the same act, or else they will go a long way towards destroying the efficiency of the act.

BOSTON—CHAMBER OF COMMERCE

In our opinion, the Small Loan Act of the Commonwealth of Massachusetts has effectively curbed the loan shark. It has not eliminated it entirely but it has reduced it to a negligible factor. We certainly consider the law a benefit to all persons of moderate small means. So far as we know, we have not seen a tendency to encourage employes to borrow money but a more careful study of the situation might reveal differently.

BOSTON—LEGAL AID SOCIETY

The Uniform Small Loan Law has encouraged reputable concerns organized to do a legitimate business, for example, the Morris Plan. Careful regulation of any business where the rights of the poor are at stake, is desirable. We consider it a benefit to the working man and woman as well as the unemployed.

BALTIMORE—ASSOCIATION OF COMMERCE

The effect of the law has been to drive out of business the loan shark. When we speak of the "loan shark" we mean the individual who charged from 50 to 200% on loans of less than $300.....It undoubtedly has been a benefit to the working man.

BALTIMORE—LEGAL AID BUREAU

We believe here that the real loan shark has been curbed to a very great extent at least as far as the kind of loan contemplated by the Uniform Small Loan Law. This Bureau did a lot of work prior to the passage of our Act in 1918 for persons who had gotten over their heads but we do not hear from this class of cases now. My conclusion is that the Small Loan Law is on the whole beneficial to the working man. Under its provisions the lenders are allowed a reasonable rate, the incentive to push the borrowers in making their payments has been removed to some extent by the requirement that the interest shall be calculated on actual balances, and we have under its provisions inspection by the State Banking Department. The people who borrow under these conditions are largely improvident, not to say downright foolish, but they are going to borrow anyhow and I think they are better off under the present legislation.

CANTON, OHIO—BETTER BUSINESS BUREAU

It is my opinion that such a law is effective in curbing the loan shark. Such a law establishes a standard and builds up a rule of practice by which all small loans practice may be gauged. I do not think that the small loans law has a tendency to encourage employees to borrow money.

CHICAGO—ILLINOIS CENTRAL SYSTEM

Of course three and one-half per cent per month is a high rate of interest, but it is low as compared to what was always exacted by the loan sharks prior to the enactment of the law. There are always some employes of large companies, particularly in large centers, who occasionally need small loans for which they have no collateral to offer.

CHICAGO—JEWISH SOCIAL SERVICE BUREAU

The present law while carrying a high rate of interest is at least something definite with which the borrower can deal, and for that reason we consider it much better than the old system where only the usury law covered the situation.

CHICAGO—LEGAL AID BUREAU

In our opinion, the Uniform Small Loan Law has helped greatly in curbing the loan sharks. Since the passage of the Small Loan Law, the Legal Aid Bureau of the United Charities has had very few complaints against loan sharks. In general, we would say that the Small Loan Law is a benefit to the working man. From experience, we do not believe that the Small Loan Law has encouraged the employes to borrow money.

CINCINNATI—CHAMBER OF COMMERCE

There has been no question but that it (the law) has curbed the activity of the loan sharks. I would consider it a benefit to the working man. So far as I know, this law has had no tendency to encourage employes to borrow money. On the contrary, its effect has been to enable them to get out of debt, once they are in it, which was very difficult for them in many cases before.

CINCINNATI—BETTER BUSINESS BUREAU

In Ohio it has failed to curb the "salary purchasing" companies but eliminated other loan sharks.

CINCINNATI—LEGAL AID SOCIETY

We believe the Uniform Small L Law has been the primary factor eliminating the loan shark from the S of Ohio. It is undoubtedly a benefi the working man for the reason tha enables him to secure small loans emergency cases, at a small cost. course, 3½% per month appears to an exorbitant rate, but taking into sideration the expense and risk atta we feel that the law is not unfair to borrower. We believe a philanthr loan company rate will average a 15% per annum. A great deal dep upon the borrower repaying the within the contract period. We do believe that the law has a tendency encourage borrowing money, althoug have nothing to base this statement

CLEVELAND—ASSOCIATED CHARITI

The Uniform Small Loan Law been very effective in curbing the shark. It is unquestionably a benefi the working man. We have not served any tendency to encourage ployes to borrow money, caused Small Loan Law. The Uniform S Loan Law as promulgated by the Ru Sage Foundation would have our a lute support.

CLEVELAND—CHAMBER OF COMMER

The Uniform Small Loan Law been effective in curbing the loan s with one exception which I will r tion later. The loan shark in Cleve is the exception. When they do operations, they do not last long. law is distinctly a benefit to the wor man. One of the men responsible for placing of this law on the statute b of Ohio states that it has not enc aged employes to keep on borro money and thereby keeping in debt. the other hand it has had the opp effect. Occasionally there is a cas recurring expenditures in families wh of course, continuing borrowing mus resorted to. This, however, does seem to happen more than one tim a hundred. This gentleman said that tendency of this law was to raise standard of families rather than l it. There is one change in the law w will undoubtedly be recommended at next session of the Ohio General As bly. It is a new loan shark opera which the law does not cover an called the purchasing of salaries.... not believe there is much question what the law will be amended so a make this practice illegal.

CLEVELAND—LEGAL AID SOCIETY

We consider the uniform law of Russell Sage Foundation a very one and do not consider the rate of 3 per month excessive, particularly loans of $50 or less. The effect of small loan law has been exceedi beneficial. It has driven the so-ca loan shark out of business. Various tempts are made, however to evade provisions, but in the main these are serious. The fact that the loan c panies have to be licensed and are ject to state control makes for r adequate protection of the borro

, we consider the small loan law of efit to the working man. There are n things as necessitous loans due to den emergency, such as death or ness. The licensed lender enables the king man with no security other than wages or household furniture to se- a loan to tide him over the emer- cy. We have known several cases in ch individuals have been indebted to eral creditors and in danger of hav- their wages attached through court on. By means of a loan they have n able to take care of these debts and making monthly payments to one e have been enabled to get on their again financially.

DETROIT—BOARD OF COMMERCE

he "Small Loans Act" enacted in the te of Michigan has curbed to a ked degree the pernicious activities of loan sharks. Compelled now to come ore and publicly announce their pres- e under license and furnish bond, a ge number preferred to go out of busi- s. The law, certainly is a great bene- to the working man, requiring him v to live within his means and render- his efficiency more marked by reason freedom from dread of losing his job sacrificing his household effects con- uently to the interminable exactions the shark.

ETROIT—DEPARTMENT OF PROBATION

n my judgment the Uniform Small an Law has been of effective service in curbing of loan sharks. I consider a benefit to the working man in that ubstitutes reputable concerns for much rk that otherwise is done by shysters. o not believe that it unduly encourages ploves to borrow money any more n any other form of credit....Even der the Uniform Small Loan Law the e allowed will seem like usury to ose who do not appreciate the dif- ulties of lending money on furniture,

FALL RIVER—ASSOCIATION FOR COMMUNITY WELFARE

In the large the Small Loan Law ems to be a benefit to the working man. course it prevents the charging of an orbitant rate of interest. It also al- vs the working man, who has almost margin for savings, to borrow money buy his winter's coal. He probably uld not save the entire amount to pay wn. and the coal companies here will t allow weekly payments on coal pur- ases.

ORT WAYNE, IND.—BETTER BUSINESS BUREAU

The Uniform Small Loans Law has parently curbed the loan shark in our y. The 3½% companies have a local ganization and many of them belong the state and national organizations. one of them are members of our organ- ation but we have never solicited them take memberships. This type of organ- ation is of service to the man who uld not otherwise borrow money. any people picture them as jumping in the first opportunity and seizing the llateral. This I know is not true and very few instances do they do this. very effort is made to get the loan paid thout resorting to this practice.

GRAND RAPIDS—LEGAL AID BUREAU

The effect of our law has been very efficient in curbing the so-called loan shark. According to our experience our law has been beneficial to the working man. It keeps him out of the hands of the loan sharks, and their unscrupulous ways of dealing with working people who have made small loans has been practically eliminated here. During five years of the existence of the Legal Aid Bureau, we have had practically no complaints against the operation of this law. The effect of the law does not have a tendency to encourage employes to borrow money and keep them perpetually in debt through any effect in that way which the operation of the law, itself, may have. It does, however, afford them as reasonable facilities as may be expected in procuring small loans as their real necessities may require, where the securities are chattels or wages.

HARTFORD—CHARITY ORGANIZATION SOCIETY

The Assistant Commissioner of Banking for the State of Connecticut tells me that the law is operated very well here. There are eighty-six companies in this state and all are in solvent condition. He believes that the rate of interest, 3½% per month, is a fair one considering the amount of investigation and bookkeeping necessary to conduct the business. The loan shark has probably been curbed by the new law or been driven to do business in a more hidden and subtle way. The small loan law is undoubtedly a benefit to a working man, because it is a means and regulation of industrial lending. Often in our office we have cases where the ability to borrow easily keeps an employe perpetually in debt. This is very true of men on a definite salary, such as policemen and railroad men. An adaptation of the uniform law as proposed by the Sage Foundation to the special and peculiar conditions of your own state would be worthy of special consideration.

JERSEY CITY—CHAMBER OF COMMERCE

In the matter of our Uniform Small Loans Act, the effect of this law has had a material effect in curbing the loan sharks. We consider it of great benefit to our working men. We have not discovered any tendency to encourage employes to borrow money, thereby keeping them in debt.

MEMPHIS—CHAMBER OF COMMERCE

In our opinion the effect of the uniform small loans law is curtailing the operations of the loan shark. Small loans have come into being and have greatly reliexed the situation in Memphis. We have every reason to believe, from our investigation, that the small loan benefits the working man. The tendency has been to not encourage employes and wage earners to unnecessarily borrow money and to keep constantly in debt. The records maintained by the loan companies are so public that they soon weed out this type of borrower and they encourage only those who appreciate the credit.

MILWAUKEE—LEGAL AID SOCIETY

The writer is of the opinion that Uniform Small Loan Law will be effective in curbing loan sharks only after it has received more publicity. I feel that the ignorant class of people that has been borrowing from loan sharks will continue to borrow merely as a force of habit unless proper advertising brings this new and better method to his door. I certainly do consider the Small Loan Law a benefit to the working man. I do not feel that the Small Loan Law has had a tendency to encourage employes to borrow money. If the Small Loan Bank is properly established, loans will not be made easily.

NEW BEDFORD, MASS.—FAMILY WELFARE SOCIETY

I do not think that the law has had the tendency to encourage employes to borrow money and I do feel that it has been most beneficial in curbing the loan shark.

NEW YORK—ASSOCIATION FOR IMPROVING CONDITION OF POOR

There is no doubt that the control of loan sharks in New York City that we now have is a very real improvement over what preceded it. We are not conscious now in the AICP as we were formerly of any great amount of exploitation of people of low range of income by the loan shark. Our present loan law and our present facilities have undoubtedly gone far to remedy this situation.

OMAHA—UNION PACIFIC SYSTEM

In my opinion, the passing of so-called small loan laws interferes and materially reduces the business of salary loan sharks, and, therefore they are desirable from the standpoint of benefiting the public generally. I think there has been no material change in the past few years in the number of salary assignments and garnishments and attachments proceedings affecting employes' wages. I do not think that small salary loan laws have a tendency to encourage employes to borrow money, but rather that they are a benefit to employes who find it necessary in cases of genuine emergency, such as illness, death in family, etc., to borrow a little money on short notice.

PEORIA—BETTER BUSINESS BUREAU

The effect of this (Small Loan Act) has been to prevent higher interest rates. I do consider the Small Loan Law a benefit to working men. I think the Small Loan Law has the tendency to encourage employes to borrow money. This naturally keeps them in debt. The monthly payment plan of purchasing merchandise has popularized the Small Loan Law.

PHILADELPHIA—CHAMBER OF COMMERCE

There is no question but that this law has curbed the operations of the loan shark in Pennsylvania. If you consider "tiding over" a financial situation for a working man as beneficial then, of course, it answers that purpose.

PHILADELPHIA—DEPARTMENT OF PUBLIC WELFARE, BUREAU OF LEGAL AID

The uniform small loan law as it operates in Philadelphia has reduced to a minimum complaints against the licensed lenders who are authorized by the state

to loan up to $300 at the rate of 3½% per month. This Bureau has found that the small loan law, as it operates in Pennsylvania has been beneficial to the small borrower. I think that the best recommendation for the 3½% Uniform Small Loan Law is the fact that it has the endorsement of the Russell Sage Foundation. This endorsement has been a continuing one, and was given only after the fullest investigation of the operation of the act.

PITTSBURGH—CHAMBER OF COMMERCE

We may say that it (the Small Loan Act) has considerably curbed loan shark activities, and inasmuch as the rate of interest is limited it is of some benefit to people who require temporary assistance.

PORTLAND, ME.—ASSOCIATED CHARITIES

My general feeling is that the law has been very helpful in holding at bay the loan sharks. In our work we have had no cases of people who were suffering at the hands of unscrupulous lenders. Such is a common experience in a state not so protected. . . . I do not feel that the small loan law has any particular tendency to encourage men to borrow money beyond their natural tendency to do so, which would exist without the small loan law.

PROVIDENCE—COMMUNITY FUND, INC.

It is my firm conviction that the people of Rhode Island are generally in sympathy with the present law, which has had certain distinct effects. It succeeded in putting the small loan concerns under the direction of the State Bank Commissioner and thus is gaining a legal and dignified position in the community. It also resulted in curbing the exorbitant rates charged in many instances by these concerns under the old system. At first thought, one is inclined to feel that 3½% per month is an exorbitant rate of interest. At least one individual in the small loan business appeared stating that he was able to make a living by charging a rate of not over 1½% per month. The Russell Sage Foundation, however, succeeded in convincing the interested public and the state legislature that 3½% per month was a reasonable rate.

ROCHESTER—SOCIAL WELFARE LEAGUE

My general impression is that the Uniform Small Loan Law has had a very definite effect in curbing the loan shark evil in this state, but I have no definite information in regard to the subject.

ROCHESTER—LEGAL AID SOCIETY

It is believed that this rate is justified on the ground that 3½% or 42% a year is gross income, out of which all operating expenses must be taken care of. When it is understood that there is no turning over of capital in the small loan business, the gross income of 42% is small. In fact, the small loan companies operate on a very small margin of profit, as in this 42% must be represented all expenses, as well as profit on the capital employed. The operation of the law in New York has practically eliminated loan sharks in large cities. They are operating, however, in some small cities and towns in the state. The small loan bill is certainly a benefit, not only to the working man but to the salaried employe, most of whom have no bank credit, nor security which they can offer for bank loans.

SALT LAKE CITY—FAMILY SERVICE SOCIETY

In our experience, this small loan law as in effect here has been very helpful in checking the efforts of the loan shark, and we consider it a benefit to the working man, and we believe has been used only in emergencies, and has not had a tendency to encourage employes to borrow money. My only suggestion would be the necessity for very careful and strict enforcement.

SCRANTON—BETTER BUSINESS BUREAU

Speaking for Scranton alone, it is my opinion that the uniform small loan law has successfully curbed the loan shark. From conversation with managers of loan offices I have gained the impression that the small loan law of Pennsylvania has been effective in the smaller communities, but there are still some loan sharks operating secretly in the larger cities. I consider the small loan law a benefit to the working man so far as the uniform interest rate is concerned.

SPRNGFIELD, MASS.—LEGAL AID SOCIETY

It serves to curb the loan shark. It is a benefit to the working man because it provides for loans under what amounts to state supervision. It does not have a tendency to encourage employes to borrow money. An attempt should be made to keep it uniform throughout the country.

SPRINGFIELD, MASS.—SPRINGFIELD NATIONAL BANK

I find that, while the Massachusetts law has the same principles as the Russell Sage law, the rate of interest is different. This law has undoubtedly had the effect of curbing the loan shark although it is hard for me as a banker not to feel that a company or individual who charges 32% for a loan is somewhat of a loan shark himself. The small loan law is without doubt of benefit to the working man. It does, however, have a tendency to encourage people to borrow (over). It has made it possible for many people to borrow who would never have done so before. I do think that the balance between good and bad is on the right side of the ledger.

TOLEDO—BETTER BUSINESS BUREAU

Loan sharks have been considerably curbed by the law.

WASHINGTON—ASSOCIATED CHARITIES

The small loan law undoubtedly curbs the loan shark. We consider such a law a benefit to the working man. A proper small loan should not have the tendency to encourage employes to over extend their credit.

WORCESTER, MASS.—CHAMBER OF COMMERCE

We feel that the law has curbed the activities of many of the irresponsible loan agencies that formerly did business and charged any rate which they decided they could get. The loan law has undoubtedly been a benefit to the workin man, who was not familiar with interes rates, and although many of them ar compelled to pay interest for a long tim on a loan, it has been a great relief to b able to get money.

Slow Against the Small Loan Act

Objections to the small loan law i Missouri have not taken fully into ac count the conditions that the act wa designed to remedy. It is contende and with reason, that the interest rate c 3½ per cent a month, permitted as maximum by the law, is high. Yet th rate must be compared with the exorbi tant interest exacted by the loan shark from people without bank credit or first rate security who were forced to borro small amounts. That interest, in extrem cases ran as high as 400 or 500 per cen or about ten times the annual rate unde the small loan law, whereas a loan shar rate of two or three times that no legally permitted was a common practic

Another point must be considered. I is that the rate which has been mad legal in this state, following similar ac tion in about one-half the states of th country, is attracting capital into th small loan field. Competition is develop ing and already it is evident that th maximum rate may not be charged. I is possible that competition may reduc it appreciably in most cases. Further the banks and other institutions hav shown an increasing disposition to ente the small loan field, a movement that wi tend to reduce the numbers of person who, because of risk involved due to th nature of small loans, may be compelle to pay the higher interest that is legall permitted.

If, however, it can be shown now or a any future time that the legal rate fo small loans can be lowered and the origi nal purpose of the law accomplishe there certainly could be no objection t the procedure. But the point ought t be clearly established. Otherwise it ma turn out that what seemed to be a obviously just and necessary course wa merely letting down the bars again to th loan sharks.—An editorial from th *Kansas City Times* (the morning editio of the *Star.*), 3-20-29.

NORTH AMERICAN REVIEW

In the "Safety Valve" section of th May issue of the *North American Re view,* there appears a letter by Leo Henderson which discusses some erro of fact in the "Need Gold and Blood article which appeared in the March is sue. The editor has captioned the lette "An Authority Speaks."

B. N. L. I. CO. IN CONNECTICU

Bankers National Life Insurance Com pany of Jersey City, N. J., are please to announce that they are now license to sell life insurance in the State c Connecticut, and with the many connec tions in that state through their Boar of Directors, they feel confident that im mediate production will result.

SPECIAL SESSIONS?

There are rumors of special sessions c the New York and West Virginia legis latures.

Report of Interim Legislative Small Loan Committee for State of Texas on the Small Loan Problem and the Solution Thereof

Which Provides Cheaper Money for the Masses Without Bank Credit Thereby Eliminating the Loan Shark Evil

Foreword

The gravity of the Small Loan Prob-m in Texas presents nothing new since e situation here has also characterized some time every generation every-here. Emergency needs of the small t necessitous borrower without bank edit cause the masses (85%) of our ople from time to time to borrow small nounts from any agency whatsoever at offers them temporary relief. Here is small loan service is provided al-ost exclusively by the High Rate ender at the minimum charge of 10 r cent per month in advance or by the alary Purchaser at the minimum charge 20 per cent per month in advance.

This situation compels our poor but oud little people to be continuously ssed about first in the lap of the dole ving public (Welfare Societies) and en into the clutches of the Loan Shark, ith the result that neither or both to-ther are satisfactorily meeting the ever sistent demand for credit in the various mmunities of our State, especially the ban communities.

Thereupon this most serious social and onomic problem was brought forcibly the attention of the Legislature dur-g its Fortieth Session with the result at they promptly responded to this con-tion by the introduction of Concurrent esolution No. 8 creating an Interim egislative Small Loan Committee con-sting of five members for investigation d study, and conclusions and recom-endations, two from the Senate and ree from the House as follows: Sena-rs J. W. Hall, Houston; John W. ailey, Cuero; and Representatives R. . Holland, Houston; George C. Purl, allas, and Cecil Storey, Vernon, Texas. his committee herewith and hereafter ncerns itself with its investigations, its ndings, its conclusions and its recom-endations.

The Committee.

Small Loan Legislation

o the Honorable, The Texas Legis-lature:

Pursuant to the powers and duties sted in us by Concurrent Resolution umber 8, dated June 7, 1927, the Interim egislative Small Loan Committee was lled together by Temporary Chairman all at Houston, Texas, September 20, 27, at 10:00 a. m. No quorum was resent at this meeting, thereupon ad-urnment was affected until 10:00 a. m., eptember 21, at which time all members the committee were present except ecil Storey of Vernon, Texas, and at hich time a permanent organization was fected, as follows: Chairman, Senator W. Hall, Houston, Texas; Secretary, epresentative George C. Purl, Dallas, exas.

Following the organization, Chairman all called on B. P. Panas and Kenneth rahl, President and Secretary-Attorney, respectively, of the Society for the Prevention of Usury, for a brief summary of their activities against the Loan Sharks of Houston; and for their solution of the unsolved Small Loan Problem of our State.

Many other leading citizens of Houston and other sections within and without the State contributed much valuable information during the progress of this hearing.

Many victims of the Loan Shark appeared before us, relating the many and varied conditions in their homes which compelled them to seek financial assistance wherever it could be obtained and at whatever extortionate price demanded by those furnishing the same. The charges demanded from these *needy* little people without bank credit varied from 120 to 240 per cent per annum and upward. (See Findings pages 4 and 5.)

The Loan Sharks were invited to attend and rub elbows with their victims and make *their* contribution to our committee, and justify, if possible, their charges in the face of the Small Loan Service now enjoyed by many other States at a cost of one-tenth to one-fifth the charges here. To these invitations there was but one response. Mr. E. V. Kennedy, who gave evidence as to the excessive charges and questionable methods employed (see transcript).

Others responding to the joint invitation of the Interim Legislative Small Loan Committee and the Society for the Prevention of Usury were as follows:

Judge James S. Baldwin, Decatur, Illinois.

Judge James S. Baldwin, Decatur, Illinois, who for years administered the Uniform Small Loan Law in his State.

Hon. Charles R. Napier, Chicago, Illinois.

Hon. Charles R. Napier, Chicago, who relentlessly made the fight against the Loan Sharks of Chicago and urged the enactment of the Uniform Small Loan Law in Illinois in 1917.

Hon. W. J. Jackson, Little Rock, Arkansas.

Hon. W. D. Jackson, State Legislative Chairman, Brotherhood of Railway Trainmen of Arkansas, who knows the Small Loan Problems from his craft's viewpoint and particularly how the salary purchasers have preyed upon railroad men.

Hamilton G. DeWeese, Columbus, Ohio.

Hamilton G. DeWeese, Columbus, Ohio, who was an examiner of Small Loan Licensees in the early days of the law in his State and later Field Secretary of the A. I. L. Association, but now Field Secretary of the Legal Reform Bureau, Inc., of New York, a non-profit membership corporation, supported by membership fees and voluntary contributions and which coöperates with the Associated Charities, Salvation Army, Chamber of Commerce, Board of Trade, Civic Organizations, labor organizations and other social welfare and commercial organizations which stand for uplift and betterment of living conditions of the masses without bank credit and particularly the elimination of the Loan Shark Evil everywhere.

Our Committee has been greatly enlightened by and through the fund of Small Loan information that has come to it from those *who know* through investigation and study and from contact and facts, and are now ready to proceed with unanimity as to the twofold purpose of our legislative creation as well as the twofold purpose that animates us in *our* deliberations as follows:

First.—To examine critically, in the light of generally accepted economical principles, certain typical State laws here and elsewhere, prescribing maximums for small loan charges and designed to prevent the exploitation of necessitous and inexperienced borrowers without bank credit, and to discover wherein some laws have failed and others have succeeded; and

Second.—To suggest legislative enactment whereby present intolerable small loan conditions may be improved to the great and distinct advantage of the borrower, the lender and the general public, thereby making social and economic justice available to the masses in every community. Our further deliberation discloses with unanimity salient facts with reference to the small loan problem and to small loan conditions here, as follows:

Findings

1. That at the very outset the burden of the duty of our Committee was lightened considerably by reason of the fact that there was no lack of evidence under oath from numerous willing witnesses to show that unnecessary suffering, resulting from extortionate rates, does exist in our State in the business of making small loans to needy borrowers without bank credit, but space forbids showing but a few concrete instances illustrating the unconscionable charges collected as follows:

(a) *Purl Surgi.*—Employed at the S. P. R. R. Shops. Has family of five. Receives salary of about $150.00 per month. Borrowed $30.00 on his assignment of wages as security from a Loan Company in 1925 and paid interest for three years at $3.00 per month upon same. (P. R. 41.)

(b) *M. M. Solomon.*—Switchman of the S. P. R. R. Has wife and one child. Regular work makes about $175.00 per month. Borrowed all together $140.00 on the assignment of his wages on account of the sickness of his wife in 1925 from three different Loan Sharks and paid interest at the rate of $34.00 per month

on same for nearly three years and still owes a principal. (P. R. 49.)

(c) *O. H. Leach.*—Has wife and one child. Works at S. P. R. R. Shops. Makes about $100.00 per month. Borrowed from the Loan Sharks total of $130.00 on account of sickness in family and for two years paid interest at the rate of $39.00 per month on same. Still owes a principal. (P. R. 56.)

(d) *V. E. Hinton.*—Switchman S. P. R. R. When on extra made $5.84 a day. Has family of four. Borrowed $90.00 from Loan Sharks in city of Houston. Paid interest at $20.00 per month. Still owes principal. (P. R. 65.)

(e) *Henry Bolden* (Colored).—Has family of three. Works at S. P. R. R. Shops. April, 1923, borrowed $21.00 from an Investment Company. Paid $6.00 interest per month on same. In all has paid $197.00 interest and still owes $21.00 principal. (P. R. 79.)

(f) *S. A. Smith.*—Switchman for S. P. R. R. Co. Has family of five. On account of sickness borrowed in 1918 $25.00 from a Loan Company on his assignment of wages. Paid $5.00 per month interest on same for about four years. Total amount interest paid was $260.00. Failed to pay more and was discharged and still owes principal. (P. R. 87.)

(g) *Chas. Appu* (Filipino).—Works for S. P. R. R. Shops. Has wife and one child. Makes from $120.00 to $130.00 per month. Borrowed $20.00 on his assignment of wages from a Loan Company. For two years paid $100.00 interest and still owes $79.00. (P. R. 99.)

(h) *Jim Bowen* (Colored).—Works S. P. Shops. Makes about $100.00 per month. Borrowed on assignment of wages $10.00 from a Finance Company. Paid $3.00 per month for six months. Total $18.00, and yet owes $22.00 on same.

2. That this committee concedes without argument that the situation here requires some remedy; that some legislation is required to meet the demands of the lender and to protect the borrower, and that whatever recommendation this committee makes will be based upon this hypothesis.

3. That the presence of the High Rate Lender and the Salary Purchaser in this State evidences the continuous and insistent need and demand for small loans by the masses without bank credit in every urban community.

4. That the makers of statutory and constitutional maximums have not for years recognized the difference between consumptive and productive loans and made no allowance for differences between loans as to risks, expecting the capitalist to lend to those who put up a good security, to those who put up poor security and to those who put up no security at all, at the same maximum rate, six, eight, ten or twelve per cent.

5. That it was this idea that prevented a solution of the Small Loan problem long ago. Had the legislator and the constitution-maker gotten away from the idea of prescribing severe penalties for exceeding certain fixed maximums and supplemented the penalties with administrative features which would have forestalled the occurrence of moral usury they would have sought to prevent rather than to cure after the event and to repeat make social and economic justice available to the poor man in every community at the minimum cost.

6. That in the past constitutional and statutory maximum usury laws generally fixed a maximum rate of interest without differentiating between types of loan costs, security and loans where interest is taken out in advance or collected at some future date. Now state legislators recognize differences as to risk, types, costs and security and have excepted consumptive loans from control by the old usury laws and are fixing special maximum charges on such small risky loans, ranging from 8¾ per cent to 22¾ per cent of the principal sum borrowed, which charge does not exceed the charges under the Morris Plan and similar institutions, when loans are repaid on the monthly balance plan and when interest and charges are paid on unpaid balances at each payment date.

7. That credit is a universal necessity, as vital to the hard-working clerk, artisan, or laborer for small salaries or wages as to great corporations where it is indispensable, and the commercial banks will not provide the credit demanded by these little people, who comprise 85 per cent of our adult population.

8. That this available credit to householders at a sustaining charge in practically every community has eliminated the loan shark evil from that community, as evidenced by the bank commissioners of the various states who license, bond, and supervise said loan companies.

9. That a law carrying anything below a sustaining rate of interest and charges would defeat its own social and economic purpose. The Bank Commissioner of Connecticut writes, "that the rate employed there has attracted sufficient capital to provide credit for the needy and will continue to meet their needs only so long as the rate remains high enough.

10. That the only way you can have a *law* and a *loan company* thereunder is to employ a rate of interest and charges that will insure the establishment of loan offices. Otherwise, you will have the law and no loan company to operate under it,—a travesty, if you please, as is true of the States of New York and Colorado.

11. That the reason for remedial small loan legislation is to provide for the *legitimate, permanent* and real need for such small loan service in the interest of the *wage earning* classes, who have no other means of securing loans because of *insufficient* commercial bank security, and no friend who can or will accommodate them.

12. That wage earners must borrow money in their locality, loans are not like merchandise that may be obtained out of town. People without bank credit should be provided with loan service at home, but here the masses are not provided with loan serivce anywhere and are now only seeking what the 15 per cent have enjoyed for centuries, credit in their community at a sustaining rate only.

13. That commercial banks will not make small loans, unsecured loans, or loans repaid in partial payments. It remains, therefore, for us to provide a place from which this class of borrower may secure loans on terms fair to borrower and lender and repaid on the partial payment plan.

14. That the Russell Sage Foundation's *eight* years' survey disclosed the fact that 85 per cent of our population are without bank credit, and that their demands for small loans should be met in a practical way, at a sustaining rate, insures cheaper money for practically all, everywhere.

15. That not a State among the twenty-four enjoying the Uniform Small Loan Law service has ever reduced the rate or repealed the law, which is a *splendid* public recognition of the necessity for it as well as a *justification* for the *rate* employed and that the needs of the masses, herein are just as acute as are the needs of the 15 per cent, who can offer acceptable security at the bank and that our social and economic life demands a recognition of this loan service for this distinct classification of borrower without further delay.

16. That because the banker, the farmer and the merchant do not need this small loan legislation, is no reason why the necessitious poor should not enjoy these banking facilities, and that instances are numerous where the small borrower of today becomes the *Commercial bank* depositor of tomorrow, and every banker or business man should see the necessity for giving this down-and-outer *his chance*, even if he fails.

17. That commercial banking takes care of various classes of borrowers, who desire in the main part productive loans but this leaves the masses who desire consumptive loans wholly unprovided for and helpless to meet their obligations. He may owe you and others and if he could group his debts and secure credit he would pay them.

18. That the demand and need for small loans will continue whether you meet the problem in a practical way as has been done in other States or whether your inactivity leaves these little people at the mercy of the 10 per cent and 20 per cent per month lenders and that these people who have no bank credit and who must of necessity borrow small sums from whatever source possible, should be the ones to say whether they want this legislation, not those who will never need this loan service because of having bank credit.

19. That the magnificent credit structure built up in this country for the farmer, the manufacturer, the exporters, and the merchants, is older proof of the need of some similar credit structure to provide for the salaried, the wage-earning and the tenant farmer groups which in the aggregate make up about 85 per cent of our population and that thousands of salary and wage earners are daily forced into the merciless hands of loan sharks, because this State does not provide adequate credit facilities in every community for those unable to finance their emergencies through banking channels.

20. That industrial banking is helping people of small means to keep their accounts with stores paid up and helping the business and professional man to secure long overdue balances and that many of the loans made possible under this act are a consolidation of debts, a cleanup of all bills, that peace of mind may come after satisfying creditors.

21. That to meet the needs and demands of this distinct class of borrowers without bank credit the High Rate Lender has established himself in all urban communities thereby supplying this need but at an extortionate rate of from 120 to 500 per cent per annum and higher and which is willingly paid by people in dire distress because no legitimate lending institution has been provided for them.

22. That the enactment of this legislation elsewhere fixing a rate or charge beyond which a lender cannot go but which is high enough to attract capital sufficient to meet the adequate demands of the needy borrower has safeguarded him and elevated the small loan business to that sphere of respectability to which it belongs.

23. That this proposed legislation has been approved and accepted practically everywhere by organizations and individuals who have had an opportunity to inform themselves as to its remedial value in every community and has never been repealed nor the rate reduced in any of the twenty-four States enacting it which is certainly a splendid recognition of the necessity for it as well as a justification of the rate at which loan service is provided.

The above salient facts relating to the small loan problem and existing small loan conditions here, having been fully set forth, we now proceed to the *second* purpose of our existence, viz., to our conclusions and recommendations as to remedial legislation:

CONCLUSIONS AND RECOMMENDATIONS

(1) That we must devise a system of legalized small money—lending at a sustaining rate—not a robber's rate—which will induce reputable law abiding men to enter the legal small loan business; or, be satisfied with the present loan legislation which insures a continuation of the High Rate Lender and the Salary Purchaser.

(2) That the existing intolerable small loan conditions here are no worse than they were at one time in twenty-four other States in each of which the masses without bank credit are now enjoying small loan service in every community, where the demand justifies a licensee.

(3) That the enactment of this constructive remedial legislation has in these States reduced crime, poverty and suffering and economic waste and the masses therein now feel that social and economic justice has, at last been made available to them as it was long ago to their more fortunate neighbors and friends—the 15 per cent enjoying bank credit.

(4) That no longer will high rate lending parasites drain the strength of their State, leaving in their wake disorder and unrest, but instead a stabilization long past due, will follow the enactment of this remedial legislation.

(5) That the Uniform Small Loan Law, with its administrative features, is apparently the only known successful solution of the small loan problem and that this law instead of prescribing general statutory maximum for all kinds of loans, commercial investment and consumers' loans, operates only in the field of consumers' small loans, where moral usury typically appears, and moral usury is clearly the evil which usury legislation was enacted to eliminate.

(6) That this Small Loan Law and other special small loan laws have, however, never been called usury laws. They are universally known as Small Loan Laws and are successfully operating in twenty-four States as Small Loan Laws, and in none of which has the law ever been repealed, or the rate reduced to a non-sustaining one. The successful operation of this law is due solely to the fact that the rate of interest attracts sufficient capital to meet the adequate demands for small loans from necessitous borrowers. This small loan service will continue to solve the small loan problem only so long as the rate and charges remain high enough to sustain the business and which rate and charges enable the borrower to save in interest and charges from 97 to 217 per cent per annum on the original sum borrowed.

(7) That the small loan institutions' existence in the many States has proven conclusively that their prosperity is inseparably wrapped in the prosperity of every community fortunate enough to have one, and one in your community is almost as great a social and economic necessity as a commercial bank.

(8) That in making our recommendations for reform legislation, we are speaking of a problem in which the human element prevails, and are thinking of men and women in factories, and mercantile establishments, in the shops and factories, railroad men and others and of social and economic justice for them; and, especially of the emancipated womanhood demanding protection from the loan shark and demanding protection for the future mothers of America, who now must toil to live.

(9) That everyone should be interested in this social and economical problem and stand with us in support of legislation which will make our State a better place in which to live and if we think in terms of humanity, we will think more and more of the welfare of each individual that makes up our complex social state and hasten to establish social justice for them here.

(10) That this legislation rescues the *honest* but *poor* man without bank credit from the *high* rate lenders and permits him to secure loans at approximately one-tenth what he now pays the Salary Purchaser to one-fifth what he now pays the High Rate Lender and that whatever you may personally think of it, it is certainly remedial and timely legislation, looking to a better social and economic condition for the community enjoying small loan service thereunder.

(11) That but two classes of people oppose this remedial legislation: first, those who have not had an opportunity to study the small loan problem from the viewpoint of the man enjoying the loan service; second, those interested directly or indirectly in high rate lending.

(12) That the licensed lender making small loans has no deposits to loan but must loan his own money which fact, together with the risk and expense involved, accounts for the necessarily high charges employed to insure a going concern, but which charges enable the lender to earn only net profits amounting to about one-half the net earnings of an average commercial bank. These earnings will vary depending on the community in which the lender operates and the general industrial conditions. This would indicate a rate fair to both borrower and lender.

(13) That the industrial lender who will follow in the wake of this law, finances the small borrower, enabling him to pay the department store, the groceryman, the doctor, the druggist, and the hospital, thereby giving the small borrower peace of mind and each of his creditors a balanced account.

(14) That it is society's task to see that the Texas Legislature supports means and methods whereby these self-respecting needy borrowers usually without collateral, and more often without endorsers, can obtain this Small Loan Service on reasonable and sustaining terms, that they may meet temporary financial stress without becoming involved in hopeless and continuous greater debt to Loan Sharks, and for us to take any other position with the information at hand would leave us open to the charge of completely surrendering to the High Rate Lender and the intolerable small loan conditions created by him here.

(15) That we herewith recommend for enactment sound reform legislation such as and similar to the Small Loan Laws now found on the statute books of some twenty States and which laws embody a wealth of restrictive provisions and maximum charges that have made the Russell Sage Foundation Uniform Law in other States a satisfactory solution of the Small Loan Problem and that a law fashioned thereafter will, we believe, do so here.

Respectfully submitted,
J. W. HALL, *Chairman*,
JOHN H. BAILEY,
CECIL STOREY,
R. H. HOLLAND.

MINERS WISH LOAN RATE REDUCTION

On March 29th, the state convention of Illinois miners unanimously adopted as resolution No. 13, the following resolution, which was presented by one of the Herrin local unions:

"We have a great number of finance corporations in Illinois which finance small loans and loans on purchases of automobiles which are purchased on payment plan, largely by working people, in which they charge a very exorbitant rate of interest. Therefore, we ask you to use your good office in having a bill passed by the present legislature, requiring them to do business on the same basis or rate of interest as our banking institutions are required to do."

WACO LOAN SHARK DRIVE

Chief of Police Barron, of Waco, Texas, began his annual war on loan sharks recently after two negroes reported mistreatment by loan collectors. Each borrower had paid more than $40 interest on $5 loans.

NOTE ON ENGLISH MONEY LENDING

A Dublin dispatch says, "Many English Moneylenders have opened offices here to evade a new law forbidding English loan sharks to use the mails for their solicitations."

MARYLAND

Fourteenth Annual Banquet, Tuesday, May 14, Lord Baltimore Hotel, Baltimore, seven p. m.

Speakers: Hon. Isaac Lobe Straus, of Baltimore, and Charles H. Watts, New York.

SALARY BUYER VICTIMS TO RECOVER

Judgments varying from $23.25 to $63 were secured against the Columbus, Ohio, salary purchasing firms, for six victims, through the efforts of the Better Business Bureau.

MEETING SCHEDULE

PENNSYLVANIA—Lancaster, May 8.

MISSOURI—St. Louis, Hotel Statler, May 9.

MARYLAND—Baltimore, Lord Baltimore Hotel, May 14.

INDIANA—Indianapolis, Lincoln Hall, May 15-16.

TENNESSEE—Chattanooga, June 6.

MASSACHUSETTS—(??) July 17.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

WISCONSIN SURVEY

Burr Blackburn is whipping into shape the report of this committee relating to the social effects of the Wisconsin Small Loan Law.

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Individual offices or a chain of any size

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check yourself more closely—
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One fellow "puts over" what the other "puts off." He has the courage to act!

Prod yourself and see if you are "tail-lighting" or if you have the pep to lay out your future on a scientific basis.

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Gentlemen: Please send me, without obligation, information about your course in successful loan office management.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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Some Paradoxes

By Burr Blackburn

Presented at recent meetings of the Iowa, Illinois and Indiana Industrial Lenders' Associations.

When I told the wife the other day at I was going to talk to you about aradoxes she promptly said, "O, don't! Vhy not talk of something you know omething about?" I said, "Well, you em to be so smart, suppose you tell me hat a paradox is." She didn't know nd I had to look it up in the dictionary, nd I have already forgotten the defini-on. However, I do know that we live a world that is full of paradoxes. One at occurs to me just now is that you easoned, experienced managers with any years in this business have invited e, a rank outsider, who has only been touch with the business a few months, speak to you as one having authority. ou will no doubt listen with open mouths nd stretch the paradox still further by ongregating in the lobbies later on to gree to what was apparent before you vited me that I know very little about ie subject.

The first paradox that I wish to call your attention is one that was spoken me two thousand years ago by a great eacher, and one that is still true. "To im that hath shall be given, and from im that hath not shall be taken away ven that which he hath." In spite of the ict that we are living in the age of ie most amazing prosperity in history, nd that in our country the standard of ving of the average man is higher than has ever been, the people who have ot are still suffering the loss of the ttle they have and those who have are athering more unto themselves.

Our modern publicists delight in paint-ig an optimistic picture of modern con-itions in the United States. They tell s that there are fifty million savings eposit accounts, that we have sixty-five illion insurance policy-holders, and that ie stock in our corporations is divided mong fifteen million stockholders. We re told that the diamonds owned in merica are worth four billion dollars, hich gives each of us a gem worth orty dollars. The wealth in America estimated at four hundred billion dol-rs, which would give each man, woman, nd child four thousand dollars each or wenty thousand for the average family f five, and the annual income from this realth is said to be eighty billion dollars hich gives each of us eight hundred ollars per year. Hence we see that the merican family of five has wealth valued at twenty thousand dollars and an income of four thousand.

In the face of this marvelous prosperity we behold another paradox; that the American family is in such difficult financial straits that it must each year pledge its future income to the extent of half a billion dollars in small amounts. We have associations such as yours engaged in refinancing the debts of families that are rolling in wealth.

The trouble with this picture is that it does not take into account the distribution of this wealth. According to the estimates of the Federal Trade Commission, 1 per cent of the people own 59 per cent of the wealth, and 13 per cent of the people own 90 per cent of the wealth. We are all familiar with the fact discovered by the Bureau of Economic research in 1922 that 86 per cent of the gainfully employed earn less than two thousand dollars a year and that 40 per cent earn less than one thousand dollars a year.

No doubt all of us wish that Mr. Hoover's picture of a country in which there were no poverty might come true: but as yet we living in a country in which most of the families are finding it necessary to exist on less than a minimum standard of living.

The National Industrial Conference Board, a research organization financed by business, has announced that a minimum budget of $1,441 is necessary for a family of four without any provision for saving. If we accept this budget which is probably much lower than it should be, we must recognize that 69 per cent of the families in America are living on a family budget of less than this amount. These are the people who have not. They have not enough to enjoy any of the comforts and luxuries of life, barely enough upon which to eke out existence, nothing to put away for the rainy day, and hence when calamity strikes they suffer from an organization of society which proceeds immediately to take away from them even that which they have.

The two great calamities from which the American family suffers are sickness and unemployment. We have found that more than 50 per cent of the families whose debts you refinance have come to you because their income has been depleted by sickness and unemployment.

Until the small loan law was conceived as a social service measure the entire organization of the business community was calculated to take advantage of the family under these circumstances and complete the process of removing what it had. The business community proceeded to swoop down upon the unfortunate family with garnishments and judgments, to reposses its furniture and its installment purchases, to eject the family into the street when it could not pay its rent, to cut off its gas and electric service, to foreclose the mortgage on the home, or to sell it for taxes. The bank was only interested in those families that had some surplus above living expenses which they might deposit to be used in the financing of commerce and industry. The only solace offered to the struggling family was the provision of very inadequate charitable funds which are not sufficient to provide for 3 per cent of the need of families struggling against poverty in America. So we see that the paradox was still true—"To him that hath shall be given and from him that hath not shall be taken away even that which he hath." You are the only refuge to which the American family may turn when the community is about to take the little it has.

The anxieties of human life center about two things, namely, health and money. Three-fourth of the worries of the human being are those caused by physical and financial illness. Now it happens when the body is sick people turn to the physician, and when the pocketbook is ill they turn to you. You and the doctors both depend upon the sickness and misfortune of your clients for your business. While you are not responsible for the adverse conditions which make your services quite necessary and helpful, we cannot avoid the evident fact that you and the physicians are both living on the emergencies of the family, and we must admit that this carries with it a much more serious responsibility, a greater need for sympathetic and intelligent service, and a more exacting test of character and the humanities than does any other form of professional or business activity.

At this point I must introduce my second paradox. A business and industrial leader has recently asserted that the only stability in modern business that he can imagine is the stability of progres-

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sive change. Until one hundred years ago life had proceeded on this planet for thousands of years with very little change in the methods of living of its population. It is not necessary for me to list the great changes which have come with the development of machinery, nor to suggest that all forms of business are finding it necessary constantly to adjust themselves to changed conditions. There is no longer any safe place for the business or person who proposes simply to float with the current. I recall a Southern guide who remarked to a group of Northern hunters, "Remember," he said, "the worst thing you can do in these woods is to sit down. You will be fine as long as you can keep going but if you sit down you are lost; the chiggers will get you."

Witness the revolution in conditions of competition in transportation. A few years ago the railroads were fighting government regulation, while today they are dependent upon it for protection against the competition of motor transport. Look at the sudden revolution in the moving picture industry caused by the Talkies, and the changes in retail merchandising growing out of the cash chain stores. Banking, long considered the most stable and conservative of the nation's business activities is in the most restless state of ferment of them all,[1] due to the recent advent of the bank merger idea, and the competition of investment trusts.

Neither your business nor the medical profession can avoid the inevitable revolution which is sweeping over all forms of business.

It might help to view objectively some of the changes that are sweeping over the medical profession in spite of the protest of many of its leaders. Many physicians are still proceeding on the basis that when people no longer get sick the doctor's income will disappear. Hence they conceal their secrets in Latin, practice a kind of magic in treating every recurrent disease, but give the patients no aid in preventing the next physical breakdown. In spite of the willingness of physicians to do a great deal of charitable work the majority of them are finding it necessary to collect huge bills from low income families in order to exist. It is estimated that 40 per cent of the physicians in America are making less than $3,000 a year, out of which they must pay all expenses, including the operation of a very costly equipment. The cost of sickness in this country is not more than three billion dollars a year, which is not exorbitant—hardly more than the chewing gum and candy bill. The unfortunate fact, however, is that out of one thousand families, while three hundred of them will get through the year without expensive sickness of any kind, 150 families will have sickness bills averaging more than $300, which is about one-third of the average family income. Doctors are facing impossibility of collecting these bills from the people who are so unfortunate as to suffer major illness and in spite of all their prejudice against corporate medicine, the practicing physician is beginning to disappear. He no longer exists in rural areas. There are thousands of counties in the United States without a single practicing physician. The graduate of the medical school today is out of luck if he cannot make some connection with one of the great hospitals or medical centers. Recently we had an opportunity to observe a clash between the mind which opposes change and the inevitable evolution in the field of medicine when the Chicago Medical Society removed from its membership one of the city's leading physicians because of his connection with a great public health clinic, whose objective is to keep people well rather than to treat them after they become sick. We may now look forward to a not distant date when the doctors in this country will be employees of the people and when medicine will be organized in such a way as to control contagion and infection and educate people in the art of keeping well. The new service of helping people to keep well and using their illnesses as an opportunity for health education will be just as remunerative as the old system and will require just as many doctors. Furthermore, it will give the new doctor a great deal more satisfaction in his work for he will no longer be profiting from popular misfortune, but will be working in harmony with the best interest of humanity.

When the oppressive expense of sickness is no longer a cause of financial embarrassment to the family at least one fourth of the maladies affecting the pocketbook will have been removed. If at the same time the problem of unemployment is tackled by industry and government, another huge financial load will be taken from the shoulders of the family and you who minister to the sick pocketbook might find your business reduced and the necessity of your service somewhat lessened.

But these are not the only changes which threaten the family finance business. The present organization of credit in the business community has made possible your becoming the agency for refinancing the debts of the family. The competitive retail merchants have permitted the family to become indebted far beyond their means to repay and have forced the family to seek financial relief from you in order to avoid the persecutions of collectors.

This attitude of mind on the part of the business community belongs to the old era which ended with the World War. Up to that time the products of industry had never been sufficient to meet the demand. There was never enough of anything and hence business sold its product to people who could afford them and kept others from buying by the persecution of forcible collections when people bought what they could not afford. "A surplus of products in a world where never before had there been enough, is a fact so strange that we do not know how to deal with it."[2] Thus far the merchant by high-powered salesmanship have proceeded to force the surplus upon our

[1] Forbes—May 1, 1929.

[2] Garet Garrett in *Saturday Evening Post.*

(Continued on page 4.)

LOAN OFFICES WANTED

We will purchase for cash Individual Offices located in any state or a chain of offices. No Individual Office with an outstanding loan balance of under $40,000 will be considered

Our resources are such that we can consider any number of offices or a chain of offices of any size ∴ ∴ ∴ ∴

Present management may be retained

All Replies held in absolute confidence

FIRST INDUSTRIAL BANKERS

INCORPORATED

FIRST NATIONAL BANK BUILDING BALTIMORE, MD.

SOME PARADOXES

(Continued from page 2.)

families without much regard for financial embarrassment which resulted. This has increased your business immensely for you have been the only recourse, not only when the family is suffering from the cost of sickness and unemployment, but from the difficulties of paying for the surplus which the welfare of industry required they would purchase.

However, business statesmanship has been concerned up to this time with problems of production. Through its research and engineering staffs it has so increased the efficiency of machinery as to have developed an industrial system which can no longer run at capacity output since neither advertising nor salesmanship can foist the total product on the consumer. This has occurred in spite of the fact that since the war wages have increased without a corresponding increase in the cost of living, due to economies in management which have been passed on to the public in reduced prices without the necessity of decreasing wages. Such a phenomenon has never before occurred in the history of American business. Both business statesmen are seeing that efficiency and economies in production are not enough; that they must now give their atttention to reducing the costs of distribution in order that the family may be in a position to purchase larger quantities of producer goods. The microscope of research is just beginning to search out the wastes in purchasing power which prevent the family from buying in greater quantities. The eagle eyes of the Federal Department of Commerce and other research bodies are bringing to light one after another cases of unnecessary wastes, not because of any particular interest in the welfare of the family, but because of the economic necessity that the products of industry must be sold. For example, the business statesman has become interested for the first time in the wasteful distribution resulting from the existence of too many small retail concerns. They have discovered that 46 per cent of the retail stores in America are unable to clear more than $50 a week, above the cost of the goods they sell with which to pay operating expenses and when the efficiency experts discover a condition of this kind we may be sure they will not be long in remedying it. Likewise the development of chain stores is removing the costs of wholesaling and is gradually reducing the costs of the manufacturer in finding a market for his product. Consolidations of competing concerns are also being effected to remove the wasteful expenses of distribution.

Now there can be no question about the fact that money expended by families in refinancing their indebtedness is one of the wastes which reduces the market for industrial products. Certainly the money so expended reduces the buying power of the family and means that just that much of industry's surplus waiting to be sold goes unpurchased. The eye of the industrial experts has not yet discovered this loss and I am not prophesying what will occur when it comes under the microscope, but I am merely suggesting it to indicate that your business, like every other, is in the swirling vortex of modern change and we do not know what the morrow may bring forth. However, from the study that I have given the subject I am convinced that the future will see some agency in the community which controls and coördinates family credit, whose business it shall be to keep the family pocketbook well instead of permitting it to become sick before treatment is begun.

Rolf Nugent, assistant director, department of remedial loans, Russell Sage Foundation, in an article in the *National Loanbroker's Monthly*, May, 1928, said:

"Prophesies are dangerous in so young a field, but many authorities suggest that the business of extending consumer's credit will be given over entirely to small loan agencies. A specialized secondary banking system will handle consumer's credits as our primary banking system handles credits for production and commerce.

"The technique of extending consumer's credit is still faulty and many refinements will occur in the next few years. The secondary banking system must offer facilities that will permit the borrower to look on the lending agency as his credit agency for any purpose, rather than a resort in times of distress. This attitude necessitates a reduction of the cost of credit to the consumer. When the cost of cash credit competes with the cost of installment credit, the money lender will be the agency used for financing installment accounts."

Whether or not the Small Loan Companies operating under the Uniform Small Loan Law are to become the credit agency for the control of consumer's credit in the future will depend largely upon the contribution which they make toward bringing order out of the chaos which now exists. With 46 per cent of the retail merchants of the country unable to make a decent profit and suffering from credit losses, and with a system of high pressure marketing at work to make going into debt not only a universal habit, but something akin to a patriotic duty, the time is fast approaching when either you or some other organized group will coördinate the confusion of open account and installment credit and it will no longer be possible for merchants to force an ignorant family beyond its depths in debt, continuing to send their collectors to prod the victim and their salesmen to sell him more.

Already the merchants in some communities are experimenting with half-way solutions. When their ordinary collection methods fail and after the family is already involved to the extent that obligations cannot be met, the merchant sends the debtor to a central finance company which consolidates his debts, discounts a note to be endorsed by the merchants whose bills are paid and the note is repaid in monthly installments. The difficulty is that further credit which the family may seek in the community is not regulated and the advance is made, not on any security owned by the debtor, but on the merchants' endorsement.

It would seem that you of all the business agencies in the field are developing the method which eventually should eliminate this waste because you are basing your advances upon the capacity of the family to repay and your credit is secured by the only property the average family possesses, its chattels and wages.

The family finance companies may choose to continue to profit from the financial embarrassments of the American family until some other agency has relieved and reduced those embarrassments through other instrumentalities, or you may apply yourself to the removal those difficulties which beset the fan pocketbook, and in rendering this serv you may find a more satisfying and e a more remunerative position in the e nomic life of the Nation.

My third and last paradox is in fact that the two most essential eleme of modern business life are competit and coöperation. These two oppos ideas meet in the economic struggle both are absolutely essential. Comp tion is the basis of our price fixing sys and it is only where competition is fective that we may hope to keep busir free from interference of governm Our modern system depends upon c petition preventing the exploitation of consumer. Unless there is real comp tion between sellers pitted against e other in an effort to gain customers, consumer will lose faith in the busi because he has no means of securing lowest possible price.

On the other hand, cut-throat comp tion which is not modified by coöpera destroys the business itself and result the consumer having to either do w out the service or pay an exhorbi price. The difficulty of maintaining t two essential elements in proper bala is one of the chief problems with w modern business is struggling. We an evidence of this difficulty when H Ford first gave the consumer the vantages of mass production. Cut prices in order to increase profits parently was discovered by Mr. F "At that time he was condemned by business associates. The automobile b ness was in a bad way. What was ne according to the old ideas was some eral agreement to curtail productio that the machines which were prod could command a profitable price. F turning against all former practices, b his price on the figure that cars w cost if all his machinery were run all the time, and with that price his sold themselves and orders piled u fast that all his machinery was kept ning. The automobile industry hated interloper but it loves him today. loves him for doing the things for w it hated him then. The automobile dustry was not long in learning its son. The whole business community copied Ford's methods in many w It adopted the principle of large-s production, his labor-saving devices, his labor-paying scheme."[3]

Healthy competition requires that price of any commodity, whether i money or automobiles, shall be low en to enable the majority of the peopl purchase the commodity.

The lower the price, the greater volume of sales; the larger the ca employed, the lower the unit oper costs and the greater the expansion o business and the service which it re to the public.

The Henry Ford of the small loan b ness in America is none other than Household Finance Corporation. time will come when you will all pride in pointing to the leader in own field who had the nerve and v to do for this business what Henry did for the automobile business. It at a critical moment when families in far greater need of cheaper money they were previously in need of

[3] B. A. Javits in Forbes Feb. 15, 1929.

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WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

EDMUND R. BECKWITH, of the New York Bar, says:

The first book to make clear the relationship between the legal bases of credit and the economic situation of non-banking borrowers.

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

both you and the doctors will be expending your time and energy not alone in healing sickness, but in keeping bodies and pocketbooks in robust health.

SMALL LOAN TEST SATISFIES CITY BANK

$16,529,805 Advanced to 51,203 Persons Without Collateral in First Year of Service

Borrowers Save to Repay

97% of Deposits Made Regularly—Losses Called Negligible—Plan to Be Extended

Loans totaling $16,529,805 were made to 51,203 applicants in Greater New York during the past twelve months through the personal loan service inaugurated last May by the National City Bank. With a full year's experience in this type of service in back of it, the National City Bank plans to continue and extend the operations.

The plan provides for lending sums of $50 to $1,000 to individuals at 6 per cent discount, without collateral and without any service charge. The National City Bank was the first institution to offer a service of such scope on this basis. Beginning on May 12, 1928, at the Madison Avenue and Forty-second Street branch, the service was extended within a month to all the branches and the head office at 55 Wall Street.

In a report on the first year's operations of the service losses are described by the bank as "negligible." The prompt meeting of obligations by borrowers is attributed in the report to the provision that deposits be made in a compound interest account each week or each month, so that funds will be on hand at the end of the year to pay off the notes. On these deposits interest is paid at the rate of 3 per cent per annum, compounded monthly.

87% of Applications Granted

About 87 per cent of all applications received by the bank in the past year were approved and the money advanced. More than 97 per cent of all deposits were made regularly. The bank found it necessary to take legal action in order to effect collection in less than 1 per cent of the cases.

Do You Know?

That we have the following Forms in Stock

?

30 Different Notices
8 Different Mortgages
4 Different Bills of Sale
30 Different Ledger Cards
2 Different Makers Cards
3 Different Daily Reports
7 Different Payment Books
3 Different Endorsers Cards
4 Different Payment Records
6 Different Automobile Forms
7 Different Investigators Reports
3 Different Account Statements
2 Different Pay Book Jackets
30 Different Advertising Circulars
10 Different Advertising Inserts
5 Different Wages Assignments
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Information compiled by the bank in connection with its personal loan service revealed that the average borrower is 34 years old and has been in the same position steadily for more than five years, with earnings of $2,755 a year. He is married and has at least one child.

Personal loans made by the bank under the plan averaged $320, while the principal reason for borrowing was in connection with illness. About 30 per cent of all applications were made for this purpose. Next in order of importance was "payment of debts," which usually included small outstanding accounts to merchants and others.

By far the greatest number of advances were "character loans" made on notes signed by the borrower and two co-makers. A large number of those who were among the earlier borrowers have now become savers, the report says, and others have become investors in sound securities. About five borrowers out of each hundred were able to accumulate enough money to pay off their entire loans in advance of the year's maturity allowed by the bank.

Insurance was provided by the bank at its own expense and this in some cases saved families from destitution when the borrowers died before their loans had been repaid. In such cases co-makers and dependents were relieved of any obligation to pay the balance, which was covered by the insurance.

No Profit for First Year

In accordance with the bank's expectations, the first year's operations were conducted without profit, but the increasing volume of business gives promise that the service will "pay its own way" on the large total of borrowing which is developing.

While salaried employes and those in clerical positions outnumbered any other group, they did not predominate, only 22 per cent being in such positions. Salesmen were second with 13 per cent and public employes third with 10 per cent.

From a study of the loans and interest deposits made after the debts had been cleared off, the bank concludes that the average family of four is able to save $15 monthly on a monthly income of $125; $25 on an income of $150; $34 on an income of $200; $45 on an income of $250, and $55 on an income of $300.

PRESIDENT BADGER SAYS

"The foregoing article published in the *New York Times,* Thursday, May 16th, is the best demonstration that has ever been given of the fallacy of commercial banks attempting to do a small loan business and I would like to call attention to some of the high points.

"1. *Amount Loaned*—$16,529,805 without profit. What other institution in any other state except New York, can put out $16,000,000 without profit?

"2. *Average loan*—$320. This demonstrates conclusively that they do not lend to the same class of people who borrow under the Uniform Act.

"3. *Type of Borrower*—Average earnings $2,755 per year. Another conclu
proof that they do not lend to the s
class of people who borrow under
Uniform Act, as I doubt if the earn
of the borrowers under the Uniform
amount to as much as $2,000 per ye

"4. *No Profit the First Year*—Any
in the business of making small l
knows that in no subsequent year do
have lower expenses than you hav
the first year. Their expenses for
lections on this $16,000,000 will prob
quadruple in the second year and th
after.

"5. *General*—I doubt very much if
department of the bank was charged
rent, overhead, supervisory expense
so forth and I suppose that the profit
figured in the same manner as h
figure their profits, that is, by takin
discount and crediting it to profit
the month in which the loan was
which process nearly doubles the p
showing on the capital investment
the first year over what it is for the s
and subsequent years on the same ca
If a bank with the facilities of the
tional City Bank of New York and
the efficiency in their operating de
ment which they undoubtedly have,
not show a profit, how ridiculous it
think that other banks can follow
example and make a profit. I do
agree with the conclusion that an av
family of four living in New York
can save $15 out of a monthly incor
$125."

G. J. Badger, *Presid*

How Massachusetts Regulates the Business of Loans of $300 and Less

By Earl E. Davidson, Supervisor of Loan Agencies
Broadcasted Over Radio Station WEEI Boston, May 1, 1929

The Massachusetts law regulating the business of making small loans states that no person shall directly or indirectly engage in the business of making loans of $300 and less if the amount to be paid on any such loan for interest and expenses exceeds in the aggregate an amount equivalent to 12% per annum upon the sum loaned without first obtaining a license to carry on the business. The buying or endorsing of notes, or the furnishing of guarantee or security for compensation shall be considered to be engaged in the business of making small loans. There are serious penalties for acting without a license. In prosecution under the law, the fact that the defendant has made or assisted in the making of two or more loans of $300 or less, upon which there has been directly or indirectly paid or charged, for interest, brokerage, recording fees, commissions, service, extention of loan, forbearance to enforce payment, or other expense, a sum which exceeds in the aggregate the amount equivalent to 12% per annum upon the amount actually received by the borrower, whether such sum has been paid to, or charged by the defendant, or paid to or charged by any other person, shall be prima facie evidence that the defendant has engaged in and carried on the business of making loans of $300 or less. Perhaps the general public does not realize that at the Bureau of Loan Agencies, Room 74D State House, Boston, information in regard to such loans may be readily obtained by anyone, and there complaints receive careful attention, when a borrower is in difficulty, or cannot meet the payments due.

Massachusetts was a pioneer state in regulating the business of making small loans up to and including $300. Money lenders, licensed by the State, are regulated and supervised by the Supervisor of Loan Agencies, and it is the Bureau of Loan Agencies that supplies information, listens to complaint, and advises the needy borrower the proper course to pursue, as well as regulates, by various methods the proper conduct of the licensed loan business. This department was established in 1911, in the interest of the citizens of this state who wished to borrow sums of $300 or less. It supervised the business and carried out the provisions of the Small Loans Law. Later this department was consolidated with the Department of Banking and Insurance, and became the Bureau of Loan Agencies.

The Massachusetts Small Loans Law, as passed in 1911, and amended in 1912-13, and '16, permits a licensed lender to charge 3% per month on balances of principal on unsecured loans, and loans secured by chattel mortgage, 2% on loans secured by real estate, and 1% per month on loans secured by Liberty Bonds. Loans in excess of $300 are not regulated by law, but a borrower of loa
amounts ranging from $301 to $
may find relief in settlement of
loans where excessive charges have
made by resorting to Sections 90-
Chapter 140, General Laws, which
vide that such loans shall be disch
by a lender upon tender by the bor
of the actual amount received wi
terest at the rate of 18% per a
from the time that the money wa
rowed, and a sum not exceeding fiv
lars for the expense of making
securing the loans but the lender
be entitled to interest for six mon
said rate, if the debt is paid befo
expiration of that period. The
vision of the small loans busin
$300 and less, and the above men
"Tender Act" affecting loans fron
to $1,000, have had much to do wi
withdrawal of the old-fashioned
Shark" from operating in Massach
A further safeguard is provided i
the Small Loans Law provides s
punishment for usurious practises
licensed lenders and loans in exc
the lawful maximum of 3% per
by *licensed* lenders.

The "policing" of the business c
ducted by the State Supervisor ha
in making the Small Loans Law ef
and an association of Massac
licensed lenders has also been help
seeing that the business is condu

rdance with the Statutes and the rvisor's regulations.

is interesting to note that Salary hasing, which has been an evil in r states, has been sharply dealt with e Massachusetts Supervisor. Prompt drastic action with a brakeman on a known railroad, who as an "ac-nodation" was lending sums of $10 ek to his fellow employees, in need ch sums, at a weekly charge of $1.00 2% per year, immediately stopped particular lender. A young lawyer found by the Supervisor to be pur-ng the wages of street railway em-es on the following scale:—

5 was purchased at a cost of $16.50 week; $20 was purchased at a cost 21.75 per week; $25 was purchased cost of $27.50 per week; $30 was nased at a cost of $33.00 per week. ese purchases, (really loans) were red void, and the practise was ed before it had attained any great way. A distributor of newspapers, n as a "Canada Pionter" was mak-small loans to newspaper employees cessive rates. The Supervisor was ssful in running down this man, who always on the move, and stopped the ise by which he collected his loans ees of the paymasters, by assignment ages of his borrowers.

licemen, firemen, and City employees, in the past been easy prey for the n Sharks," because the lender was of his money, by taking an assign-of wages of collecting every pay at City Hall. The "Tender Act" he City Credit Unions have effective-pped these loans.

e licensed lender is anxious to do ess here, and finds the strict and con-g supervision of his business by the nonwealth a helpful and healthy ntee of its coöperation in encourag-he business to expand and extend legitimate lines. The increase in mber of applicants for licenses has ed in more drastic requirements by Supervisor. Local Massachusetts l and locally well-known directors ensed loan companies inspire confi-and are desirable assets. The bor-has confidence when doing business his friends and neighbors. This of coöperation between borrower ender, by installing local directors using Massachusetts capital has l to make the State Supervision effective.

maximum lawful charge of 3% nonth on unpaid monthly balances ensed lenders seems high to the observer but statistics of the d agencies show that the overhead ses of conducting the business, the of money borrowed by the lender, fees, excessive rates with col-of uncertain value, all tend to the net income far below what one expect to be the case without care-nalysis. The net profit is small n comparison with other lines of ss, and many a lender has applied icense, hoping to reap large profits, o find at the end of the license hat he had operated at a net loss. stantial amount of capital is very al to a good volume of business reasonable profit. The lender who the businesss without a capital least $25,000 is at a decided dis-age.

licensed agencies and chartered companies in Massachusetts made a total of over 200 thousand loans of $300 or less, amounting to over 21 and a half million dollars for the license year which ended last September. This is more than three million dollars over the previous year and more than six million over 1926. To sum up the advantages of State Supervision are as follows:

1. Continuing supervision of the small loans business by a system of reports and accounting.

2. A strict "policing" of the business by the Supervisor with the coöperation of the licensed Massachusetts agencies.

3. A service of free information which is helpful to the lender as well as to the borrower.

4. The maintaining of statistics of the Small Loans business, showing the capital involved and loans outstanding in the business as conducted by the licensed officers.

5. The collection of data and information that has been helpful to officials interested in passing legislation to regulate the business in other states.

6. The lessening of the "loan shark" evil as evidenced by the great scarcity of complaints from Better Business Bureaus Chambers of Commerce, Boards of Trade, Social Welfare and Legal Aid Societies, as well as from the borrowers themselves.

NATIONAL CITY SMALL LOAN RATE ACTUALLY 9%

Letter to the Editor, The Newark (N. J.) Call, May 20, 1928

To the Editor of *The Sunday Call:*

SIRS:—In the May 13th edition of the *Sunday Call* there appeared an editorial headed "Putting Loan Sharks Out of Business."

The Policy outlined is an extremely desirable development in the field of banking practice, and it is sincerely hoped that many other large financial institutions will follow the example of the two banks mentioned.

There is one statement in your editorial, however, that seemingly is not an actual fact and might well have been omitted. I refer to the sentence, "Thus while the note is discounted at 6 per cent the interest actually paid will be much less." As a matter of fact, since the borrower pays 6 per cent interest for his loan and is allowed only 3 per cent on his repayments, he is actually paying considerably more than 6 per cent for the use of the money for the time he actually has it in his possession.

An example by general reasoning may aid in making this point clear. Where a loan is made for one year and is repaid by periodical payments such that it is entirely wiped out at the end of the year, the borrower has had the use of only one-half the amount of the loan on the average, for one year. This is the same as saying he has had the use of the full amount of the loan for one-half year. If he were allowed no interest at the rate of 12 per cent per annum for the loan; but since he is to be allowed 3 per cent interest on repayments, he will actually be paying interest at the rate of 9 per cent per annum for the use of the money.

This fact may also be very readily proved by putting down figures for a specific case. Suppose an individual borrows $1,000 for one year and agrees to repay it in twelve equal monthly instalments. He receives $1,000 less 6 per cent of $940, immediately in one sum; and if he is to be allowed 3 per cent, compounded monthly on his repayments, it will be necessary for him to deposit $82.19 each month in order to accumulate $1,000 at the end of twelve months. By consulting interest tables, we find that $940 represents the present value of twelve monthly pay-

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ments of $82.19 each, at an interest rate of 8.97 per cent per anum, compounded monthly. This agrees with what we would expect from general reasoning.

In conclusion, I may say that I think announcements of the kind in question should be given the widest publicity; but I do believe that great care should be exercised to avoid misstatements that might justly be criticized afterward.

Yours very truly,

(Signed) .....

Mathematician.

What Others Think

The Uniform Small Loan Act or similar laws have been enacted by a majority of the States in the Union, and the number is generally increased yearly. Those who have been responsible for this progress are many. We list below a few persons and institutions which have been picked at random from a very long list of those who have contributed their share in supporting the Small Loans Act.

Albany Knickerbocker Press
American Banker
Assemblymen
Atlanta Journal
Better Business Bureaus
Chamberts of Commerce
Christian Science Monitor
Congressmen
Departments of Banking
Forbes Magazine
Fosdick, Hon. Raymond B.
Governors
Green, William
Harvard Law Review
Illinois Central Railroad
Judges
Kiwanis Clubs
Labor Unions
Landis, Hon. Kenesaw M.
Lowden, Hon. Frank O.
Legal Aid Societies
Lions Clubs
Louisville Courier Journal
Mayors
McFadden, Hon. Louis T.
Metropolitan Life Insurance
New Orleans Times-Picayune
New York American
Rotary Clubs
Russell Sage Foundation
Salvation Army
Saturday Evening Post
Senators
St. Louis Globe Democrat
Union Pacific Railroad
United States Department of Labor
Washington Star
Wilson, Woodrow
Young Men's Christian Association

WHY DO PEOPLE BORROW?

33% borrow to pay off debts, over-due bills, to pay off the balance on installment accounts so the monthly payments will be smaller, etc.

28% borrow to pay taxes, to repair the house, to pay interest on a mortgage, etc.

21% borrow to pay doctor's fees, hospital bills, etc.

11% borrow to pay insurance, to help send the children to school, etc.

7% borrow to take care of small bills or to buy things for cash at a saving.

100% WORTHY PURPOSES.

OHIO

At the meeting of the Executive Board on April 24, 1929, officers for the balance of the year 1929 were selected as follows:

President—W. W. Hamilton, 1506 Buckeye Bldg., Columbus, Ohio. Vice-President—D. H. Pond, 1028 Huron Road, Cleveland, Ohio. Treasurer—J. P. Michael, 207 Atlas Bldg., Columbus, Ohio. Secretary—J. F. Anderson, 401 Bushnell Bldg., Springfield, Ohio.

At the same meeting the Executive Board unanimously adopted the following Resolution:

"Resolved, That the Executive Board of The Ohio Industrial Lenders Association express its appreciation for the successful legislative accomplishments in the 88th General Assembly of Ohio and especially for the passage of Senate Bill 52, without amendments or adverse legislation.

"Be It Further Resolved, That we recognize and commend in the highest terms the leadership of Mr. Walter W. Hamilton, who, as Chairman of the Legislative Committee of our Association, organized, coördinated and directed the legislative campaign in favor of the passage of said bill and against all adverse legislation and who gave unselfishly of his time and ability and experience during the entire session to successfully accomplish these results.

"Be It Further Resolved, That we express through him our sincere expression of gratitude to the members of our Association for the splendid support and assistance which they rendered to him and for their immediate and effective responses to the various requests made by Mr. Hamilton, which contributed in such large measure to the success of this effort. The splendid leadership of Mr. Hamilton and the loyal support of the members of our Association in this crisis, presents a striking example of true coöperation which should stand for all time as the key note of loyalty and service by the Officers and Membership of this Association."

This resolution has been transmitted to Mr. W. W. Hamilton and his reply thereto is as follows:

"To the Executive Board of Ohio Industrial Lenders:

"In accepting the office of President of The Ohio Industrial Lenders Association, I fully appreciate the honor, as well as the responsibilities, of the position and am depending upon the continued, wholehearted and unselfish coöperation of the entire membership. Otherwise I would not accept the position.

"Our experience with the 88th General Assembly, just closed, has demonstrated what can be done by united effort and the necessity for a continuation of it.

I take this opportunity to thank all the licensed lenders for their loyal support, without which our recent legislative program could not have been accomplished. On behalf of them and myself, we thank the Executive Board for the confidence they have placed in us, as a working unit, and assure them that we will continue to carry on.

"There is much to be done and the united support of all is necessary to its accomplishment. We have had the approval of The Russell Sage Foundation, Better Business Bureaus, Legal Aid Societies, Remedial Loan Societies, Organized Labor and many other interests. As long as we continue to live up to the intent of the law and follow the pol of "live and let live," it is my belief t we can continue to count on their supp

"No one can be placed in the positio occupied the past winter without see that steps must be taken to have the pu better understand the small loan bu ness and the necessity for the rate. W this in mind, on behalf of the licens I accept the office as President of T Ohio Industrial Lenders Association the coming year and feel certain th with the continued support of the licens we will not only be able to keep the bu ness on the high plane which it n occupies, but place it a step further ahe

"To this policy I dedicate my time the coming year.

"Yours truly,

"(Signed) W. W. Hamilto

"Special." What are you doing thinking that will help make our n convention (4th Wednesday in J 1929) one huge success? Pass al your suggestions to Mr. W. W. Ha ton, 1506 Buckeye Bldg., Columb Ohio, he will be glad to hear from y What do you think of Cedar Point as place? What about a new member? the way, if you are not now a membe The Ohio Industrial Lenders Associat can you think of any reason why? will be glad to welcome you as a n member.

All of which is respectfully submitte

J. Fred Anderson, *Secretar*

PENNSYLVANIA

A quarterly regional meeting of PILA, was held at the Brunswick H Lancaster, Pa., on Wednesday May 1929.

The meeting was called to order Chairman Hart, at 10:30 a.m.

Upon motion of Mr. Kehr, seconde Mr. Millard, the minutes of the prev meeting were approved as distributed ordered spread on the minute book of Association.

Upon motion of Mr. Ingram, seco by Mr. Baldwin, the roll-call was pensed with.

Reports of Officers

Secretary Herron's reports was mitted as follows:

Membership Feb. 13, 1929 .....
New members elected Feb. 13, 1929

Dropped from membership .....

Present membership .....
Members dues paid to date .....
Delinquent .....

Resignations this date .....

Total .....

Respectfully submitted,
W. S. Herron, *Secretar*

Upon motion of Mr. Haines, seco by Mr. Adams, the report of the secr was approved and ordered spread or minutes.

Treasurer

Treasurer Devine, reported all paid and a nominal balance remainir the treasury.

Reports of Standing Committees

Executive

Mr. Ingram, reported for Chairman atts, that there had been nothing ought to the attention of the Executive mmittee, except the matter of the ption of the Code of Ethics for our ly. This matter was held over to ne up under unfinished business.

Legislative Committee

Mr. Kehr, Chairman of the Legislative mmittee, read his report on the activ- s of his committee, and upon motion Mr. Ezekiel, seconded by Mr. Smith- al, the report was approved and lered returned to the files of the Legis- ive Committee, and a rising vote of nks tendered Mr. Kehr, and his com- ttee.

Chairman Hart introduced to the mem- s Mr. Roscoe East, who was very ive with Mr. Kehr in the work of the gislative Committee.

Publicity Committee

Mr. Fegley, reported for Mr. Moore, airman of the Publicity Committee l stated that they had secured quite a of publicity for the meeting held to- .

Membership Committee

Mr. Buck reported for Mr. Steimle, t letters were being sent out regularly non-members, and that there were enteen applications to be voted upon lay.

Vigilance Committee

No report.

Entertainment Committee

Mr. Buck, Chairman reported progress. r. Hart spoke about the convention of AILA to be held in Phila., on Sept. h, 19th, and 20th, and hoped that all mbers of the PILA would attend.

Unfinished Business

The Secretary read a letter from Mr. th, of the Banking Department with erence to the holidays to be observed. r. Orth in his letter stated that the De- rtment had made no ruling on this estion, but cautioned against accept- notes on legal holdays. There was nsiderable discussion as to which holi- ys were regarded as legal holidays, and on motion of Mr. Whitstone seconded Mr. Hubbell, the secretary was in- ucted to write Mr. Orth, as to which lidays the Banking Department con- ued as legal holidays.

The matter of the Code of Ethics, ich was brought up under the report the Executive Committee, was upon tion of Mr. Young, seconded by Mr. rry, referred back to the Executive mmittee.

New Business

The secretary read a letter from the ousehold Finance Corp., under date of ay 2d requesting that the names of all arantee Loan Companies, and Popular nance Companies, be changed on our cords to the Household Small Loan . Upon motion of Mr. Wright, conded by Mr. Haines, this request was anted.

Mr. Hart brought up the matter of an propriation from the AILA for the tertainment of the AILA convention in September, and upon motion of Mr. Millard, seconded by Mr. Devine, the secretary was instructed to write the secretary of the AILA regarding this matter.

Upon motion of Mr. Zwalley, seconded by Mr. Shuster, the next meeting of the Association was ordered held in Reading on Wednesday, August 14th. Mr. Zwalley, spoke that this would be a standard time meeting, and that they wanted to entertain us morning, afternoon and evening.

Election of New Members

The secretary read the following list of applications for membership:

Wm. H. Gelbach	Waynesboro
Credit Service Inc. of McKeesport	McKeesport
Trusco Co. of Phila.	Phila.
Trusco Co. of Pittsburgh	Pittsburgh
Trusco Co. of Reading	Reading
Welfare Loan Society of Lancaster	Lancaster
Personal Finance Co. of Shamokin	Shamokin
Pennsylvania Finance Co.	Phila.
Credit Service Inc., of Ambridge	Ambridge
Continental Finance Corp.	Lancaster
Consumers Finance Co.	Phila.
Ideal Financing Assn., Inc.	Lehighton
Lehigh Valley Wimsett Co.	Allentown
United Small Loan Corp.	Aliquippa
Wilkinsburg Finance Co.	Wilkinsburg
Lancaster Finance Co.	Lancaster
Economy Finance Corp.	Pittsburgh

Upon motion of Mr. McVey, seconded by Mr. Pearl, all the above applicants were elected to membership, subject to the approval of the Executive Committee.

The secretary called to the attention of the members that with the applications received today from the Lancaster licensees, that this city was now 100% members of the PILA. This statement was greeted with applause.

The secretary read the resignations of the Insurance Finance Corp. 121 N. Broad St., Phila., and the Public Service Finance Co. 327 Walnut St., Phila. Upon motion of Mr. Boyle seconded by Mr. Myers, these resignations were accepted with regret.

Mr. Hart introduced to the members, Mr. Young, Chairman of the Membership Committee of the AILA, who spoke on becoming a member of the National body.

Mr. Hart asked the members if there was anything that they desired to talk about and Mr. Millard spoke of contacting a delinquent member, and that there was hope of having their dues brought up to date.

Mr. Ingram spoke about contacting newspapers that were adverse to our business and thought that much good could be done if this was gone about in the proper manner. Mr. Kehr also spoke on the same subject.

There being no further business to come before the meeting, a motion to adjourn was regularly moved and seconded.

At luncheon Mr. Hart spoke to the members and welcomed them, after which Mayor Musser of Lancaster was introduced and spoke for a few minutes. Mr. Hart thanked the mayor on behalf of the members.

Mr. Hart, now introduced to the members, Professor F. H. Gaige, Professor of History at the Millersville State College, who entertained the members with a brilliant talk on "Man of Action." Professor Gaige spoke at great length on Andrew Jackson and upon conclusion a vote of thanks was tendered Professor Gaige.

Upon motion of Mr. Curry, seconded by Mr. Erdman, a rising vote of thanks was tendered Professor Gaige and the Lancaster members for their efforts in our behalf.

After the business meeting adjourned the members were conducted on a sight seeing tour through the Armstrong linoleum plant. This feature of instruction and entertainment was followed by another which brought to a climax a perfect day in Lancaster.

W. F. Buck *Acting Secretary.*

OHIO SALARY BUYING KILLED BY NEW LAW

The House of Representatives of the Ohio Legislature on March 27, 1929, passed by the unanimous vote of 125-0, the amendment to the Ohio Small Loan Act making "salary buying" the lending of money. This is the commonly known Section 16, which this Bureau is anxious to have in the Missouri Law. The Governor of Ohio promptly signed the

LOAN OFFICES WANTED

A consolidation of independent loan offices is proposed in Pennsylvania and New Jersey.

Will purchase for cash and retain present management.

Reply in absolute confidence.

"D" Box 778,

Industrial Lenders News Harrisburg, Pa.

measure, and eight Better Business Bureaus in Ohio have won a complete victory over their "salary buyer" loan sharks. Included in the group of "salary buyers" eliminated from Ohio by this Legislative act, were concerns operated by P. E. Leake, who operated the Missouri Brokerage Company, and Terminal Brokerage Company of St. Louis; and P. C. Mathes, who operates the Union Trading Company in the Calumet Building, St. Louis, Mo., (and who participates by his personal presence in the $200,000 lawsuit of the Service Purchasing Company vs. the Bureau et. al.) The Atlanta chains of "salary buyers" also lost out, with the rest, in Ohio.

Salary Buyers Don't Fight Openly

Like the legislative fight to prevent the enactment of this section in the Missouri Law, the salary buyers did not openly appear before any committee to advocate the legitimacy or propriety of their own business, but by roundabout means endeavored to embarrass the licensees under the Small Loan Law by having introduced amendments to "hamstring" the law. This is sometimes accomplished through having rate reducing and "salary buying" amendments joined in one measure, and this of course serves to unite opposition to the entire amendment. That is the reason why this Bureau urgently recommended to the Missouri Legislature the consideration, separately, of the Brogan Bill, Senate Bill 593, which provided for the classification of "salary buying" in amounts under $300 as the lending of money and places the same under the provisions of the Small Loan Law.

Salary Buying Must Be Curbed

Editorial writers for St. Louis newspapers, the Chamber of Commerce, industrial concerns, welfare organizations, railroad employee associations and others have repeatedly urged the present Missouri Legislature to curb the "salary buying" loan sharks in Missouri by passing adequate legislation.

There is not a single, informed, right thinking individual anywhere who can justify "salary buying" at 240% and upward per year. Only the paid agents of the "salary buyers" of Atlanta, Georgia; Louisville, Kentucky; and a few transplanted individuals who grew up in the "salary buyer" business, would openly pretend to extol its propriety, and they cannot, by attorney or personally, find the courage to meet a legislature or committee face to face, in behalf of their own business. What can be expected of men in a business which cannot be openly championed in any gathering?—*St. Louis Better Business Bureau Bulletin, 5-6-29.*

SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

General Form, Uniform Law. 5c per copy.

Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industrial Loan Business, by Hon. A. R. Robinson. 5c per copy.

Illinois Supreme Court Decision. 5c per copy.

Pennsylvania Supreme Court Decision. 5c per copy.

Ohio Supreme Court Decision. 5c per copy.

Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by Dr. F. W. Ryan. 5c per copy.

The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Making Credit Available for All. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A. $1.00 per copy.

Opinions of Importance, compiled by Paul V. Hough. Price $2.00 per copy.

Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Business, by Senator John Dailey, Peoria, Ill.

Modern Scientific Efficiency and the Business of Industrial Banking, by Chas. G. Mueller, Philadelphia, Pa.

Building Your Business on Good Will, G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Mueller, Philadelphia, Pa.

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership in State and National Industrial Lenders Associations, by E. F. Moore, Philadelphia, Pa.

Industrial Lending as a Community Asset suitable for a lecture before public welfare organizations. Ten cents per copy.

How to Organize a Lenders Exchange Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, by Elizabeth G. Stern.

Report of the Interim Committee of the Minnesota House of Representatives on Small Loan Legislation. Ten cents per copy.

Please remit cash, money order or check for any of the above articles desired, to the American Industrial Lenders' Association, Box 778, Harrisburg, Pa.

RHODE ISLAND

The regular quarterly and annual Meeting of the Rhode Island Industrial Lenders Association was held on Thursday, April 19, 1929, at 1 p. m., Narragansett Hotel, Providence, R. I. Lu
eon was served promptly, after w
meeting was called to order by Ch
man Pomfret.

Minutes of previous meeting were
proved as distributed.

Roll was called by Secretary an
members responded.

Treasurer's report was received
approved.

Secretary reported a total of 26 r
bers in good standing, 4 new men
having been elected during past
and a loss of two, making a gai
membership of two. Report approv

Membership Committee reported fa
ably on one application for member

Law and Legislation Committee
ported that bill introduced in State
sembly to lower rate on Industrial L
had not been called out of Cimm
and no action could now be taken o
Report approved.

Special committee formed to co
absent members reported progress;
proved.

New Business

A spirited discussion was started
the wording of loan advertisemen
Newspapers and circular letters. M
G. Zimmerman of Beneficial Oper
Bureau volunteered to get legal a
on some of the wording contained
report to Association through its S
tary. Mr. Rich made a motion
Vigilance Committee interview the p
authorities regarding a certain Ad
in a Providence newspaper. This m
was seconded by Mr. Findlay and pa

Secretary read a letter from Ch
informing members to be on
against party who obtained loans
firms there after giving fake receipt
references.

Questionnaire received from Pro
George Filipetti was referred to it
ing executive committee for actio

By motion duly made, seconded
approved, an application for membe
was tabled. Membership committe
given an opportunity to present app
with copy of our By-Laws.

Nominating committee was then f
to make up a slate who would be e
to various offices to serve during
ing year. Chair appointed the f
ing members on this committee: M
H. A. Morey, G. F. Rich, H. G.
A. G. Zimmerman and F. H. Love
After a recess they reported as fo
For Chairman, Arthur Pomfret;
Chairman, H. A. Morey; Treasu
G. Findlay; Secretary, E. LaGue

To serve on executive committee
with above officers: Messrs. D. W
Gray, C. C. Rock and George Rich
nominated. Mr. Steere moved that
ination be closed and upon being
onded by Mr. Rich the entire slat
unanimously elected.

Rising vote of thanks was giv
outgoing officers.

Chairman Pomfret was congra
upon his election to the Chairm
for second term and the able man
which he had fulfilled his duties
responded with fitting words.

Standing committees were the
pointed by chair.

Auditing and Finance, D. W. M
W. E. Winters.

Membership, Publicity and Vig
H. A. Morey, R. W. McDonald
Hollingworth.

Law and Legislation: Mr.

, chairman and he to choose his ssistants on this committee.
nsel: Attorney Frank L. Hinckley.
cheon committee: Mr. D. W. Mc- chairman.

ıte to A. I. L. A. Convention 1929

n motion made by Mr. H. A. , seconded by Mr. H. G. Neal, Mr. Findlay was elected as delegate and nominate his own alternate.

BANQUET

ion made by Mr. D. W. McGray, ed by Mr. E. Hollingworth that appoint a committee to choose time, nd arrange for banquet was passed. ir appointed: Messrs. D. W. Mc- G. W. Delaney and C. C. Rock.
re being no further business, meet- journed.

E. LAGUEUX, *Secretary.*

ANNOUNCEMENT

Board of Directors of Bankers al Life Insurance Company, Jer- ty, New Jersey, announced to-day ection of Mr. Ralph R. Lounsbury presidency of the company. Mr. ury, formerly Executive Vice- ent of Bankers National Life In- e Company, is succeeding the Hon. d H. Lee in this position.

Lounsbury is very well known in surance circles through his work anizing and heading the Bankers National Life Insurance Companies of New Jersey, Colorado and Florida. Prior to his activities in the Bankers National Life chain, he was Actuary for the Insurance Department of the State of Nebraska; he assisted in the drafting of policy forms used in the conversion of Government Term Insurance in the Federal War Risk Bureau at Washington; he was Secretary and Actuary of the Union Life and Accident Company of Lincoln, Nebraska; and Vice-President of the Union Automobile Insurance Company. He has been President of the Colorado and Florida Companies since their organization in 1923 and 1925 respectively, and this now makes him President of the three Bankers Life Companies.

Mr. Lounsbury's experience since his graduation from the University of Michigan has been so intensified that, though he is one of the youngest life insurance presidents in America, he is recognized as a leading authority on insurance company practices and policies. He is the originator of many of the newer types of simplified policy contracts. Under his guidance as president, the Southern and Western Bankers National Life Insurance Companies have, in a comparatively short time, won a place among life insurance companies which is enviable.

The Bankers National Life Insurance Company, of Jersey City, New Jersey, was organized and incorporated on October 5, 1927. The New Jersey Company broke the record for business written by any life insurance organization during its first year in business. On May 11, 1929, eighteen months from the date its first policy was issued, this company had in force over $19,500,000, of paid-for insurance. The total insurance outstanding for the three Bankers National Companies exceeds $52,000,000.

LENDERS CONSOLIDATE

Three Large Loan Companies Merged into Beneficial Corporation

New York, May 8.—At meetings of the stockholders held yesterday, the formation of the Beneficial Industrial Loan Corporation, resulting from the consolidation of three large holding corporations, American Loan Company, Industrial Bankers of America and Beneficial Industrial Loan Corporation, was effected.

Directors of the consolidated corporation will be chosen from the boards of the three constituent companies and the officers will be the same who have conducted the business of the companies in the past. The consolidation involves 260 industrial loan companies which operate in 21 States serving an estimated population of 50,000,000 people with loans of $300 or less.

Their total loans for 1928 were $46,735,185. The average loan was for $141 and more than 330,000 loans were made.

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MURPHY BUILDING
INDIANAPOLIS, U. S. A.

5,000 Borrowers from Atlanta Money Lenders

Plan for Usury by "Loan Sharks" Ended by Decision—Court Order Bars Charging Illegal Rate for "Indo ment" and Interest on Borrower's Note—12 Months given for Filing Suits—Decision Made by Judge Humphries in Favor of Claude Shepherd against Harris Brothers, Inc.

Affecting more than 5,000 borrowers of small sums in Atlanta and vicinity, a sweeping decision was handed down by Judge John D. Humphries in Fulton County Superior Court, Thursday, in the case of Claude Shepherd against Harris Brothers, Inc., which puts an end to illegal charges for indorsements of notes, and permits suit for recovery of amounts paid.

Under this ruling all those who have obtained small loans and have paid excessive sums, not countenanced by law, to persons or firms standing as security for small loans, are given right to apply to the courts for reimbursement, provided they enter suit within twelve months.

J. L. R. Boyd, counsel for the legal aid and anti-loan shark committee of the Junior Chamber of Commerce, represented Shepherd in the case.

The decision was rendered in a hearing on a certiorari brought by Shepherd to appeal from the judgment of the municipal court of Atlanta in favor of Harris Brothers, Inc., Shepherd sought recovery of $23.50 alleged to have been paid Harris Brothers for five months' loan of credit. Shepherd had borrowed $25 from the Industrial Credit Corporation, Harris Brothers standing as security on the loan, and, according to Shepherd, charging him $4.70 for the indorsement and guarantee on the first note and subsequent renewals.

At Thursday's hearing Judge Humphries overruled a motion filed by McElreath & Scott, and Little, Powell, Smith & Goldstein for Harris Brothers, asking that the certiorari be dismissed because the defendant in certiorari alleged the pleadings of Shepherd to be vague and indefinite.

Judge Humphries heard argument in the case and then signed an order sustaining the certiorari with judgment for costs against Harris Brothers.

The defendant in certiorari claimed that the small loan act did not mean to prohibit or regulate a charge for guaranty by one who is not himself a lender, but this contention Judge Humphries decided against.

The case originated with a judgment against Shepherd in municipal court for $25 principal, $1 interest and $3 costs in September, Judge J. B. Ridley signing the judgment. Judge Ridley overruled a new trial motion, and was sustained by the appellate division of municipal court. The case was brought to superior court on certiorari, and Judge Virlyn B. Moore overruled the certiorari on April 11. A new trial was granted, however, and in the near hearing on Thursday, Judge Humphries decided in Shepherd's favor.

Operation of System

Counsel for Shepherd said that Shepherd, an employe of the Federal Reserve Bank of Atlanta, was told by Harris Brothers that they would not let him have any money, but if he would pay them $4.70, they would endorse his note for $25, and that he could get the money from the Industrial Credit Company. At the time of the signing of the note, Shepherd was required to make a bill of sale, to Harris Brothers, for all his household goods, his lawyers said. Every 30 days Harris Brothers required Shepherd to make a new note, and new bill of sale, and to pay $4.70, Shepherd's lawyers said.

Shepherd, in an answer and counterclaim filed to the municipal court suit, alleged that the 1920 act on small loans forbid the recovery of any principal, interest or any charge whatsoever, where the lender of either the money, or credit, had charged more than 8 per cent per annum without a license.

Attorney Orin J. Bundy was associated with Mr. Boyd in representing Shepherd. —*Atlanta Constitution* 5-24-29.

Routing the Loan Sharks

The immoral and illegal "loan shark racket" in Georgia received a mortal wound yesterday by the decision of Judge John D. Humphries of Fulton superior court. He reversed the ruling of the Atlanta municipal court that credit guaranty companies, or individuals, could charge unrestricted fees for endorsing the notes of small loan borrowers from those operating under the state "small loan law."

The scheme thus brought to an end was an unblushing evasion of the laws and devastating to untold thousands of small borrowers who got caught in the cogs of the crushing usury machine.

The unconscionable operators have swarmed in all our cities and industrial towns and by their extortions, fortified by chattel mortgage and bail trover handcuffs, have stripped the earnings and confiscated the household goods of thousands upon thousands of the poorer people of the state.

Some of the victims have been compelled, under the menace of criminal prosecutions, to pay sums to carry their small loans amounting to 1,000 per cent, instead of the exceedingly liberal rate allowed by the small loan law of the state, which was enacted to protect them from just such skinning schemes of the sharks.

This smashing decision by Judge Humphries has been sought for many years. The Junior Chamber of Commerce took up the cause of these spoliated small borrowers some years ago, and by its committees and its special attorney, J. L. R. Boyd, have defended and released many of them, while steadily seeking to destroy the baleful business by legal judgments.

The supreme court of the state having decided that loans of credit are included in the terms of the small loans law, Judge Humphries now renders a judgment which should emancipate every person enmeshed in the usurious loans and, on final decree, give right of action to thousands to recover the usury payments they have made to the vampires in the past. Under the Humphries ruling no one need continue to meet the demands of the loan sharks, for their paper chains on their victims are illegal and worthless.

There remains only to applaud and to support the splendid work that has accomplished by the Junior Chambe Commerce and Attorney Boyd, for have become the potential emancip of another race of slaves—the peon the loan sharks!—*Atlanta Constitu* 5-24-29.

SUIT BARES OPERATIONS "SALARY PURCHASERS" HERE

Railroad Employe Wins Fight Cancel Debt, Charging He $150 for $15 Loan and Then Asked for $47.50 More

The operation of loan companies charge a rate of interest of from 2 360 per cent a year, were brough light Wednesday by a suit before J Thomas H. Darby in Common Court.

The suit was brought by Clarenc Hall, railroad employe, 27 E. Univ Ave., to restrain the Federal Purch Co., Wiggins Block, from suing hin collection of a debt and to order the canceled. Judge Darby granted th tition.

Hall said he borrowed $15 fron company in 1924. He secured the by giving the company an assignme wages due him from the railroad pany by which he is employed.

Over a four-year period, Hall sa paid the purchasing company $150 last November was notified that he owed $47.50. When the company th ened to garnishee his wages, Hall g note for $47.50, but, learning later the threatened proceedings would legal, he refused to pay. The con thereupon again threatened suit.

The operations of the loan comp of which there are two left in Cinci were explained Wednesday by Karl secretary of the Cincinnati Better ness Bureau. Five others, Finn which have operated with great here, have been driven to Covingt such suits as Hall's. These com do not dare come into court, acc to Finn.

The purchasing companies deal with railroad and express company ployes. The practice of railroad express companies of holding back of their employes is nicely adapt the loan game, Finn says.

A railroad man, Finn explains, the purchasing company for a $25 He is told the company does not loans, but will take an assignment wages.

The applicant then signs an agre to repay the $25, plus $2.50, withi weeks. When the time for pa comes the borrower hasn't the m So an additional premium of $2 charged to extend the loan for two weeks, Finn explains. In other $5 a month is charged on a $25 lo that in five months the purchasing pany has regained all the money given out and the $25 principal s due.

This amounts to 240 per cent a year, and, in the case of a negro, 360 per cent often is charged, Finn asserts.

The operations of the purchasing company are within the law, as present legislation does not designate the purchase of wages as loans. However, the Marshall Bill, recently passed by the Ohio Legislature and signed by Governor Myers Y. Cooper, describes any amount under $300 as a loan. The law will go into effect July 4th, but, according to Finn, will offer no relief here, as the purchasing companies are moving to Covington, where they do business with Cincinnati employes.

Although over-the-river railroads do not recognize an assignment on wages, Finn says, the purchasing companies use justices of the peace to garnishee an employe's salary. The railroads are bound to honor this procedure.

Most of the purchasing companies, Finn states, are controlled by a group of operators in Atlanta, known as the "Big Four." The local concerns are run by paid managers, who, Finn says, are permitted to keep all above 240 or 360 per cent they can get from borrowers.

They keep no books which can be audited by authorities, Finn says, so the profits cannot be estimated. It is known, however, according to Finn, that purchasing companies have cleaned up huge sums throughout the country.—*The Cincinnati Post, May 22, 1929.*

COMMUNICATIONS

Phœnix, Arizona,
May 24, 1929.

American Industrial Lenders Assn.,
Harrisburg, Pennsylvania.

Dear Sirs:

I received your letter of May 20th relative to the Fifteenth Annual National Convention of the A. I. L. A., at Philadelphia, September 18th to 20th, and asking for suggestions and volunteers from members of this association. We are so far from the seat of things that I am afraid that any suggestions that any of our members might make would not be of much weight. There is a suggestion, however, that I personally might make and that is this: "More constructive publicity for the loan business in general. The average person does not understand the nature of the small loan business and criticizes it accordingly. I believe if the facts about our business were more generally known more people would approve it and the business would stand in better light before the public." I know of no one who is expecting to be in that part of the country at that time and of no one who is in a position to make a special trip to attend the convention.

The organization certainly has our best wishes and we are willing to coöperate in any manner we can. I will take this matter up with other members of our State Association, however, and if any of them have any suggestions that may be of importance we will send them on, and if it appears later in the season that some one of our members can attend the convention we will notify you accordingly.

Thanking you for inviting us and wishing the organization every success in the future, I am

Very truly yours,
Fred E. Winship, *Manager,*
People's Loan and Investment Co.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia and the New Method Loan Co., Springfield, Mass. Information upon request.

Office of the President.
Jersey City, N. J.,
May 31, 1929.

Dear Mr. Kehr:

I find from reading speeches made by the members of our Association and also made from reading articles written by them that we often made use of the expression "our interest rate is 3½% or 3% per month on balances."

I would like to have the help of every member of the Association in correcting this, as I find it conveys a very erroneous impression.

We are the only persons lending money who do not either directly or indirectly secure for the use of money a greater return than the mere interest, and if we make use of the expression, *"Our charge is 3½% (or 3%) per month on balances including interest"* we would be telling the truth to our betterment.

Yours very truly,
(Signed) G. J. Badger,
President.

INDIANA

The fourteenth annual convention of the Indiana Industrial Lenders Association was held at 10:30 a. m., in the Lincoln Room, Lincoln Hotel, Indianapolis, Ind., May 15, 1929, with President Thompson presiding. In addition to one of the best attended meetings ever held by the Indiana Association, President G. J. Badger, of the American Industrial Lenders Association, of Jersey City, together with a representative of the State Banking Department were among the guests present.

The Secretary's report showed a membership of 161, twenty new members having been enrolled during the past year.

The Treasurer's report indicated a healthy condition and a fair sized balance on hand after all receipts and expenditures had been accounted for.

Mr. Burrell, Chairman of the Membership Committee, reported an increase in membership of fifty per cent during his administration.

Ben Blumberg gave an interesting account of the activities of the Publicity Committee for the year indicating that every, opportunity was taken advantage of to bring the business to the attention of the public in a favorable light.

President Thompson appointed Roy Hartz, chairman; Tom Kaufman, Austin Broughman and Bill Chandler on the Nominating Committee to select a slate for next year's officers.

James M. Babbitt prepared and Mr. Farrington read a paper on "Advertising Industrial Loans" which will be published in full in a subsequent issue.

Ben Blumberg accepted the invitation of President Thompson to discuss this paper at length, incidentally offering some good advice.

Messrs. Arnett and Bishop also participated in the discussion for the benefit of all. The observations of President Thompson, President Badger, Burr Blackburn, and Mr. Chandler were to the point and enhanced the value of the discussion which preceded their remarks.

A paper of John D. Williams, Vice-President of the Community Finance Service, entitled "Irresponsible Responsibilities," was received with applause and will be published in a later issue of this paper. The discussion which followed the presentation of Mr. Williams' paper by Messrs. Chandler and Ganser was illustrative of its value.

Members not experienced in legislative work were enlightened by Ben Blum-

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berg's discussion on "What Did We Learn from the Last Legislature?" Possibly this valuable contribution toward our educational work can be reprinted at a later time. At the conclusion of Mr. Blumberg's paper, President Thompson was given a rising vote of thanks for the part he played in the legislative work of the past session.

After luncheon, President Badger of the American Industrial Lenders Association, addressed the meeting relative to the activities and plans of the national organization, stressing particularly the need of executive officers with the right background to prosecute Association work which the existing officers are unable to do, either through lack of training or time. As the new program involves an increase in dues to carry it out, President Badger suggested what seemed to be an equitable plan of raising the necessary revenue. Mr. Badger's talk was illustrated by the way in which the American Bankers' Association, United States Steel, moving picture and baseball industries had solved their difficulties by placing big men of national reputation with unquestionable integrity at the head of them.

The banquet followed in the evening. Ben Blumberg was the toastmaster and introduced the men at the speaker's table who were: W. B. Nichols, C. H. Stratton, Rev. Warren W. Wyant, Burr Blackburn, J. Fred Anderson, W. A. Zumpfe, Mr. Frederick Landis, F. L. Thompson, G. J. Badger, R. F. Hartz, J. H. Aufderheide, Wm. Hamilton, J. D. Williams, and A. C. Broughman.

After a few introductory remarks the toastmaster called on President Badger of the American Industrial Lenders Association, who spoke chiefly on the necessity and future possibilities of the famliy finance business.

The Honorable Frederick Landis, former member of the national House of Representatives, born and raised in the Hoosier State, a man of broad vision, the author of a very successful modern play, a man who is now a journalist and a writer, next addressed the banquet. Mr. Landis said in part that with all our little difficulties in this country we were very fortunate that we did not have to experience the conditions in many of the other countries, concluding his remarks with this statement, "I want to say to you that a government that can save the Monroe Doctrine before lunch and make an old Indiana farmer feel at home in the President's office after lunch, that government is worth giving to all you have got. It could happen only in the United States. God bless the United States of America."

After the thanks of the toastmaster to the preceding speaker had been given, the banquet adjourned.

May 16th

The meeting convened at ten-thirty with President Thompson presiding. The first speaker was Mr. Dexheimer, Supervisor of the Industrial Loan Division of the Indiana State Banking Department. Mr. Dexheimer said that few violations of the Small Loan Law had come to his attention during his administration. He said that they usually came from non-members of the State Association. These violations were chiefly due to inaccuracy in figuring interest and careless advertising. Commenting on the last legislature, Mr. Dexheimer said, "It is quite surprising at the last legislature that so many men in the legislature had as little knowledge of the industrial loan business as they really had and you can't blame those men when complaints come from individuals with whom they are associated every day of their lives for paying some attention to local statements and local constituents, but I think that you should tear down the greater portion of this opposition through an educational program." Mr. Dexheimer concluded his remarks with a recommendation for coöperative advertising.

Considerable time was consumed by Messrs. Currey, Zumpfe, Parker, Farrington and Thompson in the discussion of Mr. Dexheimer's remarks.

Mr. Martin of the State Banking Department, followed with an interesting talk on methods of conducting an office under his supervision, stating that he expected to visit all of the offices during the coming year. He preferred to take up with each manager the practical operation of an office and the administration of law governing the business.

President Thompson then introduced Mr. O. J. Parker, who becomes associated with the supervision of the licensees of Indiana after June 1st. He spoke of careful building for posterity.

President Thompson then handed a bouquet to Bill McCulloh who, with Lee Bishop, arranged the program and attended to all of the publicity in connection with it, to which Bill responded most graciously, after which the members accorded him a rising vote of thanks for his good work.

Lee Bishop was also accorded a rising vote of thanks for his part in the make-up of the program.

President Thompson then introduced Burr Blackburn, who addressed the convention on "Some Paradoxes in Business," which is published elsewhere in this issue. Anyone interested in the complete proceedings of this meeting who was not present and who is entitled to receive it, should address Paul Hancock, 302 American Central Life Insurance Building, Indianapolis, Indiana, for a copy of the News Bulletin which will publish the complete proceedings.

On motion duly seconded the convention recommended to the Executive Board to Evansville be selected as the place for the next convention.

After lunch, Mr. Arnett reported for the auditing committee, saying that the treasurer's report was carefully audited and found to be O. K.

President Thompson then introduced Mr. A. C. Broughman of Marion, who talked on "Our Relations with the Public." This address will be published in full in the *Indiana News Bulletin* and possibly be reprinted in the Industrial Lenders News at some later date.

Messrs. Parker and Stratton participated in the discussion which followed the presentation of Mr. Broughman's paper, the latter of whom recommended to the members identification with local business men's clubs and associations. Mr. Broughman supplemented his paper by recommending participation in local politics.

Mr. Baum spoke of the average indifference to local enterprises on the part of the chain organizations, emphasizing the point by a good illustration.

President Thompson supported the point made by Mr. Baum.

Secretary Hartz acted as chairman of the Nominating Committee and presented for President, W. B. Nichols; First Vice-President, T. M. Kauffman; Second Vice-President, W. B. Chandler; Treasurer, C. E. Durnell; Secretary, Paul A. Hancock.

Executive Committee: R. C. Aufderheide, A. C. Broughman, C. G. Liggett, R. F. Hartz.

Delegates to National Convention: F. L. Thompson, R. F. Hartz. Alternates: P. A. Hancock, H. H. Burrell.

It was voted, on motion by Mr. Zumpfe, seconded by John Williams, that the nominations be closed and that the Secretary be instructed to cast the ballot for the nominees.

President-elect Nichols was then called to the chair by the retiring president, Thompson, whereupon he made a brief speech of acceptance. Paul Hancock was then introduced and assumed the secretary's chair after a few remarks of appreciation.

President-elect Nichols appointed Mr. Thompson, Chairman of the Legislative Committee, and Mr. Blumberg, Chairman of Publicity Committee, and Mr. Burrell, Chairman of the Membership Committee.

On motion of Mr. Zumpfe, seconded by Mr. Stratton, the retiring officers were given a rising vote of thanks. This concluded the best meeting ever held by the Indiana Industrial Lenders Association.

DYER CONCERNS MERGED

The newspapers under date of May 24th, throughout the State carried news articles reporting the formation of a merger of The Ohio Finance Co., The Citizens Finance Co., and The Empire Finance Co., to be hereafter known as The Ohio Finance Co. The consolidated balance sheet of the new company will show total resources exceeding $6,000,000. These companies have branch offices in all the large cities of Ohio and in Pittsburgh, and Detroit and other cities.

The new consolidation brings together these three companies with the home office at 43 West Long St., Columbus, Ohio, and the new management will be the same as the officers of the three old companies. The new officers will be J. H. Dyer, President; T. J. Parrish, Vice-President; A. C. Armstrong, Secretary-Treasurer; and John N. Woodruff, Vice-President and General Manager.

This consolidation brings together three of the oldest companies doing a small loan business in this state. The Ohio Finance Company, was originally incorporated under the name of The Ohio Credit Co., during the year 1900, and the two other companies were incorporated in 1914 and 1922, respectively. Practically the same group of men were instrumental in the formation of each of the three units and very few changes have been made in the management of the affairs of either of these companies since they were organized.

Incidental to the merging of these three companies is the fact that the new institution will have associated with it several banks and brokers located in different parts of the state, which will provide ample necessary financing to take care of quite an extensive expanding program. This group of bankers will be headed by R. V. Mitchell & Co., of

A Meilicke Calculator in any loan office is an indication of fairness and efficiency

No task should be done in one way that can be more economically done in another

The Combination Time and Interest Calculator

Can you rely on others to figure time and interest ACCURATELY?

Are the operatives in your office the kind you feel must be *checked up* for fear they will make mistakes in figuring time or interest on loans?

If such be the case, you are handicapped. It's not your cashier's or anyone else's fault; it's *yours!*

For errors creep into *mental* labor more readily than physical. And it's natural for a loan office principal to feel that, if he first verifies the interest or elapsed time on a loan, his organization is just so much more efficient.

But that's a mistaken feeling! To prove it, step into almost *any* successful loan office. You'll *never* see a principal "checking up" on cashiers! The entire process of business will be running like a well-oiled machine. Mistakes and delays are unknown; speed and accuracy here are watchwords.

For each cashier will be depending on Meilicke Time and Interest Calculators for answers, rather than himself!

The Time Finder

est on, during the course of their work.

There is nothing mechanical to them; no levers to pull or buttons to push. No guesswork in their operation; it's simply a matter of opening the Calculator to the number of days in the duration of a loan, and finding a table of *all answers* at *your rate of interest,* on the principle.

Or by referring to the Meilicke Time Finder and determining *at a glance* how many days elapse between any two dates in the year.

Try One in Your Office at Our Expense

If you will let us know your interest rates on the coupon below, we will send you the Calculator you need *free* for 10-days' trial.

Do You Know What They Are?

Meilicke Calculators are simply tabulated systems of answers to various rates of interest on any sum your clerks ordinarily figure inter-

The Collector's Pocket Calculator, now made at any rate.

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Time Saving Devices

Meilicke Systems, Inc.
3462 N. Clark St., Chicago.

Please send us, on 10-day free trial, a { Time and Interest / Interest / Time / Pocket Model } Calculator* for—%.

Firm .....

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*Strike out words not applicable.

These Calculators are made for the following rates: 1½%, 2%, 2½%, 3%, 3½%.

Name the kind you want, and tell us the rate. We will quote you a special price.

Cleveland. The operating head of this new company will be Mr. John M. Woodruff, who recently moved to Columbus and became general manager of the operating department of the three units making up this merger.

The fact that financial interests in this state have and are becoming identified with the small loan business, in a large way, gives added assurance that the business is attracting favorable attention and tends to elevate and stabilize this line of business.

CITY IS WINNER IN ONE LAWSUIT, LOSES ANOTHER

Appellate Division Hands Down Decision in Litigation to Collect Taxes

The city was returned victor in a legal fight to collect taxes from the Morris Plan Company and lost a similar contest to collect taxes from the Title, Mortgage & Guaranty Company, according to opinions by the appellate court at Rochester which were received yesterday afternoon by Corporation Counsel Gregory U. Harmon.

There is prospect of further litigation in both cases. Spurred on by the victory in the Morris Plan case, assistant counsel, Herbert A. Hickman will ask the court of appeals to reverse the ruling in the mortgage company case. The Morris company may seek to set aside the verdict in favor of the city in its case.

The lawsuit had to do with the levying of taxes on moneyed capital coming into competition with the business of federal banks. At stake is payment of about $13,000 in taxes against the Morris Plan and $2,250 taxes against the mortgage company.

The appellate court held that the Morris Plan came within the meaning of the section relating to competition with national banks because it makes loans. It held that the mortgage company did not compete.

The taxes were based upon the capital stock of the companies. The law permitting such assessment was repealed in 1927. Now the companies pay an income tax.—*Courier-Express (Buffalo, N. Y.), May 15, 1929.*

LOUISIANA SUPREME COURT SUSTAINS CONSTITUTIONALITY OF UNIFORM SMALL LOAN LAW

STATE OF LOUISIANA
vs.
J. M. HILL

No. 29801
Supreme Court of Louisiana

Appeal from the Second District Court, Parish of Bienville, Hon. Jno. S. Richardson, Judge.

Thompson J.

The defendant was charged in three separate informatives filed in the District Court of Bienville Parish, with four separate violations of Act No. 7 passed at the extra session of the legislature in 1928.

In the first bill he is charged in the first count with loaning one Robert Iveson $15.00 for three weeks for which he charged $1.50 interest and in the second count with having discounted a note of Sidney Stewart for $10.00 due in sixty days deducting $2.00 as discount.

In the second bill he is charged with having made a loan to A. B. Rogers for $50.00 for six months charging $5.00 interest thereon.

The third bill charges that defendant made a loan of $12.00 to Will Mosely for thirty days charging $3.00.

All of which loans, it is alleged, were made by defendant while engaged in the making of loans of money in sums of $300.00 or less, charging a rate of interest greater than 8% per annum without having qualified to engage in such business as required by said Act No. 7 of 1928, extra session.

A motion to quash was filed by the defendant on the ground that the statute under which the prosecutions were had, was unconstitutional for the several reasons set out in the motion. It was agreed that the motion should apply to all three of the cases and they were consolidated for the trial of that motion.

The judge sustained the motion to quash, held the statute to be unconstitutional on practically all the grounds alleged and discharged the defendant without delay.

The State has appealed.

The motion to quash is quite lengthy covering some eight type-written pages and setting up substantially every ground of unconstitutionality that could be levelled at a legislative enactment.

In their briefs counsel on both sides have discussed the objections to the statute very ably and exhaustively.

In their zeal, however, counsel on the one side have charged that the statute is vicious legislation in that while under the guise and pretense of the police power the statute in reality is a proposed purchase by those who are financially able and are willing to pay the license, of immunity from the usury statutes of the state and an effort to sell and barter for a price the police power of the State.

On the other hand it is argued that the statute is humanitarian in purpose and that the exorbitant and oppressive interest rates exacted of the small borrowers by the loan sharks had created such a deplorable situation in this State as not only justified by demanded legislation of the character of the statute in question.

We are not presently concerned with the motives which prompted the lawmakers to pass the act, nor with the question as to whether the law is a good or bad law, a wise or an unwise law. The principle is so well settled that the legislature is the sole judge of the wisdom and expediency of a statute as well as the necessity for its passage, that it scarcely calls for citation of authority.

The question and the only question the court is called on to determine is whether the law was enacted in the manner required by the State Constitution and whether, if so enacted, it violates any of the provisions of the state and federal constitutions.

In order to avoid repetition as far as possible, we shall consider the various objections to the statute as we state them and as near as possible in the order in which they are made in the motion to quash.

The first objection is that the title of the act as well as the body of the Act violates section 16 Article 3 of the constitution, which provides that every law enacted by the legislature shall embrace but one object, and shall have a title indicative of such object.

The title of the Act is as follows:

1. To provide for the licensing and regulation of the business of making loans in sums of three hundred dollars or less, secured or unsecured, at a greater rate of interest than eight per centum per annum.

2. Prescribing the maximum rate of interest and the maximum charges therefor.

3. Regulating the assignment of wages and salaries, earned or to be earned when given to a licensee thereunder as security for any such loan and providing that any such assignment, whether partial or otherwise, shall be valid and binding upon the employer without the consent of such employer.

4. Declaring certain sales of salary and wages to be loans within the provisions of said act.

5. Excluding from said act certain persons, co-partnerships and corporations.

6. Providing penalties for the violation of the act.

7. Repealing all laws and parts of law in conflict or inconsistent therewith.

The contention in this connection is that the business of making of small loans under three hundred dollars and fixing the rate of interest thereon is a separate and distinct object from that one regulating the assignment of salaries and wages earned and to be earned and the sale of credits, goods and things.

There might be some force in the argument if the provision regulating the assignment and sale of salaries and wages, etc., could be separated from and considered independently of the general intendment of the statute and its title.

It goes without saying that there can be a business of money lending and an independent business of buying up salaries and wages. But it is quite clear that when the language of the title and of the act is considered as a whole the two subjects, if they can be regarded as such, are directly related the one to the other and that the provision relating to wages refers directly to such sales and assignments as are made in connection with or as security for the loan of money.

For instance in section 16 it is provided that the payment of $300.00 or less in money, credit, goods or things in action as a consideration for any sale assignment or order for the payment of wages, salary, commissions or other compensation for services, whether earned or to be earned, shall be deemed a loan within the provisions of the Act secured by such assignment.

And in section 17 it is provided that no assignment of or order for the payment of any salary. wages, etc., earned or to be earned, given to secure any such loan shall be valid unless the amount of such loan is paid to the borrower simultaneously with its execution and such assignment, when it shall be in favor of a license as herein provided for shall be valid and binding upon any employer etc.

We can perceive of no legal reason why transactions relating to purchasing and discounting wages and salaries should not be included in an act regulating the business of loaning money, especially when such sales of salaries and wages

are made in connection with the business attempted to be regulated by the statute under attack.

It is argued also under the objection we are considering, that section 18 which provides that no person, partnership or corporation, except as authorized by the Act shall directly or indirectly charge, contract for or receive any interest, discount or consideration greater than eight per cent per annum upon the loan, use or forbearance of money, goods or things in action, is not indicated in the title which also renders the said act null and void.

The section quoted is within the purpose of the act as declared in the title, to prohibit a greater rate of interest than 8% unless compliance is made with the act, whether it be for the loan of money or for extension or forbearance of such loan. The words "goods or things in action" evidently refer to such goods or things as may be given in connection with or as security for the loan, and to cases where the lender pretends to purchase property from his borrower but in reality takes the property as security and permits the latter to retain possession.

But be that as it may, the section referred to could be read out of the act and act would still be enforcible if otherwise constitutional.

Moreover the defendant is not charged with committing any act that would come under section 18, hence he is without interest to question the validity of said section.

Our conclusion is that neither the title nor the act is amendable to the objection of containing more than one object and that the title sufficiently indicates the one and only purpose of the act.

What has been said is we think sufficient to meet the argument and objection made under paragraphs one, two and three of defendant's original brief.

Objections that the act violates the Fourteenth Amendment to the Constitution of the United States are presented in different phases in paragraphs four, five, six, seven, eight and nine of defendant's brief and may be considered together.

It may be said in this connection that the first section of Act No. 7 of the extra session of 1928 is general in its terms and applies equally to all persons, firms or corporations who engage in or make a business of loaning money, in the amount of $300 or less and prohibits all such persons, etc., from charging a higher rate of interest than eight per cent per annum, except as authorized by the statute without a license, etc.

We fail to discover any improper discrimination or any discrimination at all in this section of the statute. The statute merely attempts to regulate such business, fixes the rate of interest to be charged and prohibits the charging of a greater rate than eight per cent per annum unless the lender qualifies under the Act.

The statute is uniform and makes no distinction between lenders who engage in the business of making loans in the limited sum stated except such persons, etc., to which the statute is not intended to apply as shall be considered later.

The fact that there are persons who make small loans in connection with the operation of their own affairs, in no manner affects the constitutionality of the statute.

Such persons simply do not come under the terms of the statute unless they engage in the business regulated by the statute.

The act by its very language shows that it does not apply to merchants extending credit in money and goods to *their* customers. Nor does the statute apply to planters who make advances in money and goods to their tenants and share croppers. This class of persons cannot be said to be engaged in loaning money as a business. The lending or advancing of money under such circumstances is an incident to the mercantile business and planting operations.

Nor are we able to conceive wherein the statute affects the class of people who farm and are forced to get credit from merchants. They still have the right, despite the statute, to obtain money and merchandise from their merchants. But it is argued by the defendant that before this law, farmers could get money at ten per cent and pay cash for supplies and thus save as much as ten per cent. But this could not be true if the planters had been forced to borrow from the loan sharks. The exorbitant rate charged by the defendant demonstrates the differential benefits of the statute in favor of that class of people who are driven by necessity at times to borrow from the usurious lenders.

We are inclined to the view that the defendant can hardly be sincere in his solicitude for that class of people the statute was intended to protect, since he is now limited to 42% per annum if he meets the requirements of the statute and 8% per annum if he does not.

Whereas prior to the statute, his interest profits on small loans ran as high as 300% per year, that is if we are to take one of the loans he is prosecuted for making, as a sample of the average.

It is also contended that the statute is discriminative in that it exempts United States banks, state banks, building and loan associations and credit unions and for this reason is violative of the federal constitution.

It is generally agreed that the licensing and regulating of any business which concerns and affects the public or general welfare of a state lies within the police power of the state and that the legislature of a state in the exercise of such power may make any reasonable classification which it deems necessary to the purpose intended to be attained by by the legislation.

The first attempt in this state to regulate the business of making small loans was at the regular session of the legislature in 1928. The statute then passed was found defective and faulty by one of the courts of original jurisdiction. The ruling was acquiesced in by the legislature, at least that body in the same year at the extra session enacted the law now under attack.

This court has not therefore had occasion to inquire into the validity of such legislation. Many of the other states of the Union however have had such laws in operation for a number of years and such statutes have been under attack before the courts of those states at the instance of those whose usurious profits on money lending have been reduced.

The Statutes appear to have been uniformly upheld as being reasonable, not discriminatory, not confiscatory and within the legitimate exercise of the police power of the state.

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We shall only refer to a selected few of such cases.

In the Mutual Loan Co. *vs.* Martell 222 U. S. 231, 56 L. Ed. 175 the question presented was the validity under the 14th amendment of a statute of Massachusetts which contained some provisions similar to the statute under consideration one of which exempted banks and banking institutions and loan companies.

It was urged that the provision was discriminatory and denied the plaintiff the equal protection of the laws. The court said:

"The legislation under review was directed at certain evils which had arisen, and the legislature considering them and from whence they arose, might have thought or discerned that they could not or would not arise from a greater freedom to the institutions mentioned than to individuals."

"The Court said that the legislature might have decided that the dangers which the statute was intended to prevent would not exist in any considerable degree in loans made by institutions which were under the supervision of bank commissions, and believed rightly that the business done by them would not need regulation in the interest of employees and employers."

But said the court further, even if some degree of evil which the statute was intended to prevent could be ascribed to loans made by the exempted institutions, their exception would not make the law unconstitutional. Legislation may recognize degrees of evil without being arbitrary, unreasonable, or in conflict with the equal protective provision of the 14th amendment. See also 218 U. S. 563, 54 L. Ed. 1151.

In the case of People *vs.* Stokes, an Illinois case, 118 N. E. 87, the Supreme Court of that state held:

"The object of the law is not to regulate the rate of interest, but on the contrary, is to regulate the business of making loans of small sums of money to wage earners and salaried people, and the provision as to the rate of interest is only inserted as one of the incidents of such regulation."

In the Welfare Loan Society *vs.* City of Des Moines 219 N. W. 534 in considering a similar statute dealing with small loan companies the court held that there was no discrimination because there was no competition.

"The rate of interest they are permitted to charge shows on its face that in reality there could be no competition between them and the National Banks. Surely if one was seeking a loan in an amount less than $300 and could secure the same from a National Bank at the rate of 8% he would not seek a loan from one of these small loan companies at 2 or 3% interest per month. The small loan companies fill a necessity."

It is stated that all of the several banks of Bienville make loans of $300 and less, but we are quite sure that none of said banks charge a rate of interest or discount as high as 42% per annum and as was said in the case just referred to if one was seeking a loan and could secure the same he would get it from one of the Banks of Bienville rather than from the defendant at the rate he has been charging.

The Commonwealth *vs.* Puder 104 At. 506, the Supreme Court of Pennsylvania held a similar statute to be constitutional.

"Statutes passed at various times by our state legislature recognized certain businesses to be in a separate class and authorized as to them may be departures from the regular rate of interest fixed by the general law. For example Building and Loan Associations are permitted to charge a premium on loans in excess of legal rate."

There existed in the cases cited what we may assume the legislature considered existed in this state, a necessity and a valid and sufficient reason for the regulation and classification of the business of loaning money in small sums, leaving out of such regulations banks, both National and State and Building and Loan Associations as they were already regulated by special laws.

And in a case cited by the defendant, Wessel *vs.* Timberlake, an Ohio case, 116 N. E. 43, in which a prosecution was had for lending money over 8% without a license and under a statute which exempted or did not apply to banks whose business was supervised by a superintendant, the court held that the statute did not deprive the defendant of equal protection of the laws.

Many other cases might be cited but we do not consider it necessary since there can be no doubt that in nearly every instance in which such a statute has been attacked it has been held constitutional.

Nor is the statute under consideration a local or special law within the meaning of section four article four of the Constitution which declares that the legislature shall not pass any local or special law fixing the rate of interest.

The statute is state-wide—applicable alike in all parts of the state—and it is general in its design and purpose and in no sense special, since it regulates a certain class of business and governs all who engage in such business.

It is finally argued that the statute is in violation of the bill of rights in that non-licensees under the act can be compelled to give evidence against themselves and may be subjected to unreasonable searches or seizures under said statute.

The defendant has not yet been called on to give evidence against himself nor has any attempt been made to search his person or his house. Hence he has no interest in raising that question in the present case.

Our conclusion is that the statute is not unconstitutional for any of the reasons alleged by the defendant.

The judgment of the Court below in each of the cases is annulled and reversed, the motion to quash is overruled and the cases are remanded to the lower court to be proceeded with according to law.

BRUNOT, J., *recused.*

(It is understood that the reason Mr. Justice Brunot recused himself is that he is an officer or stockholder of a corporation owning an office building in a Louisiana City, and that one of the tenants of such building is a licensed loan company operating under the terms of the Act in question; and that with the exception of this member of the Court not sitting, the foregoing decision was unanimous.)

LOUISIANA

Louisiana Industrial Lenders Association held April 20, 1929, at the Hotel Youree, Shreveport, La.

The Third Quarterly Meeting of the Louisiana Industrial Lenders Assn., was held April 20, 1929 in the Ball Room of the Youree Hotel, Shreveport, Louisiana President Heymann, of the Home Finance Company of New Orleans, called the meeting to order at 10:00 a.m.

The following companies answered the roll call of the secretary: Family Loan Company, New Orleans, La.; American Loan Company, Pere Marquette Bldg., New Orleans, La.; American Loan Company, 611 Frenchmen St., New Orleans, La.; Beneficial Loan Society, New Orleans, La.; Personal Finance Company, New Orleans, La.; Home Finance Service, New Orleans, La.; Legal Rate Loan Company, New Orleans, La.; American Loan Company, Shreveport, La.; Personal Finance Company, Monroe, La.; Personal Finance Company, Alexandria, La.; Personal Finance Company, Baton Rouge, La.; Fulton Loan Company, Shreveport, La.; American Industrial Credit Company, New Orleans, La.; American Industrial Credit Company, Lake Charles, La.; American Industrial Credit Company, Lafayette, La.; Personal Finance Company, Shreveport, La.

It was also our pleasure to entertain at this meeting some out-of-town guests who are not strictly members of the association, but still are well known to all of us:

Mr. M. F. Snyder, Beneficial Operating Bureau, New York; Mr. William A. Porteous, Jr., Attorney-at-Law, New Orleans; Mr. R. R. Boyer, American Finance Company, Shreveport, La.; Mr. W. C. Evans, of the State Banking Department.

As is always our custom at these meetings, each member and guest present was asked to rise and introduce himself, so that we all might be better acquainted.

The minutes of the previous meeting were read. Mr. M. F. Snyder, moved that the minutes be accepted as read. Seconded by Mr. Love. Motion carried.

Mr. D'Aquin, of the Family Loan Company of New Orleans, who is treasurer of the organization, gave his report covering the period from January 28, 1929 on which date he had assumed the duties of treasurer. The former treasurer, Mr. Joe Snyder, of the Fulton Loan Company, New Orleans, turned over to him a balance of $205.25. Since that time there had been received in dues and initiation fees from both the new and old members, $400.95, which makes the total amount of cash receipts of the association, $604.20.

Since January 28, 1929, the only expenses of the association have been the two Quarterly Conventions and some miscellaneous supplies. The expenditures for this period have been $466.73, which leaves a total amount of cash on hand of $137.47. It was moved by Mr. Kraft and seconded by Mr. Love that the treasurer's report be accepted. Motion carried.

The President asked the chairmen of the various standing committees to give their reports at this time.

Mr. Heymann, as chairman of the Membership Committee announced three

new members: American Industrial Credit Corporation of New Orleans, Mr. Raymond Bailey, as manager; American Industrial Credit Corporation, Lafayette, La., Mr. E. C. Reamer, manager; American Industrial Credit Corporation, Lake Charles, La., Mr. Wm. B. Hart, manager.

These offices are part of the First Industrial Bankers Corporation of Baltimore, Maryland. We are more than pleased to welcome them to Louisiana.

President Heymann, requested that all members of the Association, who are located in cities where they are the only member, to consider themselves part of the Membership Committee and do all they could to gain new members. He took it upon himself to see that New Orleans, fell into line and asked the members from Shreveport and Baton Rouge, to redouble their efforts for new members.

Mr. Hugh Kraft, of the Personal Finance Company of Shreveport and chairman of the Entertainment Committee, reported that he and his co-workers felt sure that this convention was going to be the best ever held because they had made every effort to have everyone feel at home and have a good time.

Two special features that he had arranged were an attractive luncheon at 1:00 p. m., in the Pelican Room of the Washington Hotel and a Moonlite dance to be held on the roof of the Washington Hotel, starting at nine o'clock. He stated that three hundred invitations had been sent out for the dance and that all exponents of the Terpsichorean art would have ample opportunity to display their wears and work off their surplus energy.

Mr. William A. Porteous, of the Bar Firm of Milner and Porteous of New Orleans, who have been the attorneys identified with the passage and the constitutionality fight for the passage of the Small Loan Law in the State of Louisiana, was asked by President Heymann, to give the report of the Legislative Committee.

Mr. Porteous, not only gave a report but a very interesting and learned discourse upon the Small Loan Law which is known as Act No. 7 of the Special Session of the State Legislation in Louisiana. He felt sure that this Act was going to be held constitutional by the Supreme Court, especially in view of the fact of the fine types of men and business organizations who were associated with and backing this new law.

With this new law upheld by the Supreme Court we would be in a position to stamp out the old loan shark evil and establish Industrial Banking on a legitimate basis. Mr. Porteous, presented the State Association with a charter and articles of incorporation which he had been instructed to draw up. He stated that it was necessary that at least five members in the Association fix their signatures to this charter in order that we may apply to the Secretary of the State for incorporation. It was moved by Mr. Bailey and seconded by Mr. D'Aquin that the New Orleans members of the State Association sign the charter and return it to Mr. Proteous, to be forwarded to the Secretary of the State. Motion carried. The secretary was instructed to see that this motion was carried out.

The meeting was then given over to a general discussion on the subject of the furtherance of our Association. Every member pledged himself to see that each new licensee was contacted and sold on the ideals and the business progressiveness to be learned by affiliation with our organization.

Some members are new to the Industrial Banking business and others have had wide experience in the field but they are able and willing to give freely of the knowledge and information which they possess. It is only through coöperation of all licensees and the establishment of a standing code of epics that the Small Loan Business of Louisiana can increase and become one of the dominating industrial factors.

The meeting was adjourned at 12:30 p. m., to reconvene at the luncheon session in the Pelican Room of the Washington Hotel.

Luncheon

Mr. Kraft, was fortunate to obtain the consent of Mr. Porteous, to act as Toastmaster at this affair. Mr. Porteous witty introductions and spicy remarks worked in nicely with the excellent menu that the Entertainment Committee had arranged.

The Mayor of Shreveport was there to welcome us and assured us that Shreveport was grateful from the relief of the loan shark evil and was certain that the social and financial welfare would be advanced by the advent of the new Small Loan Law.

Mr. Wm. Steen, General Manager of the Long Bell Lumber Company and past President of the Association of Commerce of Shreveport, who is known as an interesting after-dinner speaker, gave a pleasant address on Shreveport. He extolled its virtues and possibilities for future developments and touched on the subject of the Young Men of To-day in the Business World. His facts were these:

It was the young men of to-day, like those he had met who were identified with the Industrial Banking business, who were putting pep in the business world of to-day. They were the ones with the progressive ideas. They furnished not ideas alone but with their ambition and keen desire to make better records then have been made in the past, push forward, aggressively, in the march of progress. He expressed his opinion that with such men as he had met today no organization would be able to stand still—that it would continually grow onward.

President Heymann, in his short talk said that he was pleased with the organization's growth and pledged himself to give freely of his time until he had every city of size in the state, represented in the Louisiana Industrial Lenders Association.

The State Banking Department, who supervises the licensees under the new Small Loan Law, was represented by Mr. Evans, who assured us of the Banking Department's coöperation in the elimination of firms doing business outside the law.

All loan companies making loans in sums under $300.00 must either purchase a license or quit the business. The Banking Department was now in possession of full information of all loan companies in the State and as soon as the decision of the Supreme Court was handed down on May 20th, the Banking Department was putting additional help into the field to see that this law was enforced.

Mr. Snyder, with the Beneficial Operating Bureau of New York, gave an inspirational and peppy talk. His organization was the oldest in the Small Loan field and were more than willing to assist new licensees with problems that they would have to face. He spoke about the spirit of the Small Loan Law. It enables the thrifty middle class of people to obtain credit in a dignified and banking manner. It gives them the benefit of a reasonable rate of interest and furnishes that missing link in the financial set up of our nation.

We were all engaged in a great new venture in Louisiana, and it was up to us, the first licensees to lay down the code of ethics that were to be followed by all in the future. We must appear in direct contrast to the old high rate lenders. Our offices must be neat and banklike, and treatment of our customers most courteous, with their welfare foremost.

It is only with business methods of this type and with men who insisted on them being carried out that we were going to be able to set down these examples, that were to be ethics of the Industrial Banking business in Louisiana.

A feature of all our State Association Meetings has been the "Question Box." This is similar to the ballot box. It is displayed in a prominent place during all the Association meetings and each member, as the thought occurs to him or if he has had some question or difference which he would like to have brought up for discussion, is written on a slip of paper, unsigned and dropped into the box. At the close of the luncheon speeches the "Question Box," was opened and some questions were humorous and furnished a lot of entertainment. Others were on operation problems and business methods and each member present gleaned a lot of beneficial knowledge from the discussions on the various topics.

A main subject was the charge of notarial fees in the Parish of Orleans. Members agreed as soon as Act No. 7 was declared constitutional by the Supreme Court, that the charge of notarial fees would cease.

Mr. Evans, of the Banking Department expressed his opinion, that it was violation of the law to charge notarial fees, but some members disagreed. However, they were willing to admit that it was unethical and would forebare the practice in the future.

On motion of Mr. Logan, seconded by Mr. Yule, the convention adjourned at 4:00 p. m.

The next meeting was to be held in July at New Orleans. The date to be fixed by the Executive Committee and all members were to be given ample notice.

The dance in the evening, on the roof of the Hotel Washington, was a delightful affair. Shreveport furnished us with a sample of their Southern beauties. The music was furnished by "Bob Coyles Syncopators."

The roof of the Washington Hotel has a cozy dance floor with an open air promenade walk around the outside. The view of the city from the roof of the hotel and the spell of the moonlite and starlite sky, gave all present a wonderful impression of Shreveport and indented in the minds

of the delegate the fact that our biggest and most successful convention was an occasion long to be remembered.

FRANK B. SMITH,
Acting Secretary.

NEW A.I.L.A. EXECUTIVE

W. FRANK PERSONS

Milwaukee, Wis., June 3, 1929.—W. Frank Persons, widely known social worker, former vice-chairman of the American Red Cross and former director general of Civilian Relief of that organization, announced here to-day that he has taken up new work as executive in charge of certain activities of the American Industrial Lenders Association, which is a national organization of small loan companies. Mr. Persons will give up his work in an important executive position with the Milwaukee Electric Railway and Light Company in order to devote all his time to his new activities.

Mr. Persons, a native of Iowa, is a graduate of Cornell College of that state and the Harvard Law School. For ten years he was an officer of the Charity Organization Society of the City of New York. In 1917 he became Director General of Civilian Relief of the American Red Cross and organized throughout the United States more than 10,000 Home Service Units which coördinated the work of the military and civil Red Cross in such a manner that men at the front were assured that their families and home obligations were to a large extent taken care of.

Mr. Persons resigned this position in 1918 and was sent to Europe to examine and report upon the activities of the numerous American Relief agencies serving refugee families in France, Belgium and Italy. In May, 1919, he was invited by the late Henry P. Davison to become an officer of the League of Red Cross Societies and for two years he resided at Geneva, Switzerland, the headquarters of the League.

Mr. Persons returned to the United States in order to become vice chairman of the American Red Cross and particularly to have charge of the large problem of deflating the Red Cross to a peace time basis. Later Mr. Persons became identified with the public utility business and has held an important executive post in that field.

For over twenty years, because of his wide experience in social work, he has been deeply interested in remedial loan legislation and he took a leading part in securing the passage of the Uniform Small Loan Act by the Wisconsin legislature in 1927. Because of this interest and his belief that the credit needs of small borrowers are best met by legitimate loan organizations operating on an adequate margin, Mr. Persons was pleased to accept the appointment as executive in charge of certain activities of the American Industrial Lenders Association.

Mr. Persons will probably make his headquarters in Washington, D. C., where he will have immediate contact with national activities and with public men whom he has known and with whom he has worked on various social service problems.

IRRESPONSIBLE RESPONSIBILITIES

Given before a meeting of the Indiana Industrial Lenders' Association at Indianapolis, May 16, 1929

BY JOHN D. WILLIAMS

All of you knew when you were accepted as members of the Association that you were going to be held responsible for the proper conduct of your business. Yet some responsible people assume an irresponsible attitude.

If any of you are irresponsible, you should change your thoughts immediately, because you are responsible, and you should accept the responsibility of assisting other association members who do keep the business of making industrial loans clean.

Any time you think you can sit idly by and make a big success of your business, without coöperating with other licensed lenders, you are sadly mistaken. The fact is, you may wake up some morning and find that a law has passed your legislature reducing the rate of interest permitted to be charged to one and a half or two per cent a month. Then your business may be for sale. Look what happened in West Virginia. Industrial lending received a terrible setback there; in so far as I know, it was the first real blow ever received. The salary-buyers showed their strength there, and what they did there so successfully, they may attempt here or some other place. Such a condition is serious; something for you to think about.

Ask the men that have capital invested in the small loan business in West Virginia or New Jersey. They know what I am talking about is true. A few years ago, people in nearly all kinds of business used to think that they should have nothing to do with another engaged in the same line. They used to call each other competitors; some of them would even refuse to speak to each other, but times have changed since those days. Your business is no exception. The fact is, the small loan business is going through a period of the most radical change in its history at the present time, and if you are not alert and careful, it may change so fast that you may not be able to stay in it. Some people may think that all they have to do is to join the Association, pay their dues, conduct their business properly, and that ends the obligation. If any have such impressions, they are wrong. If you know any member of this Association who is doing something that may be considered a detriment to the business as a whole, it is your duty to make such a report to this Association, or any proper officer designated to receive complaints.

These meetings are held for the purpose of deciding upon general policies and a standard of principles governing the business conduct of its members. When an agreement has been reached and certain policies definitely decided upon, it is clearly not only your duty to adhere to these conclusions, but it is your duty to see that all other members observe them also.

Here is another thought: It doesn't matter how good your own personal conduct is, if we would avoid criticism, and perhaps adverse legislation, we would help keep the business clean from within, while policing the business more rigidly from the outside. In short, we must lessen our tolerance of the shortcomings of nonmembers, and in the interest of permanence devise and support ways of disciplining misbehaved indifferent lenders.

If you know anyone in this business who is not a member of the Association, it is your duty to do all you can to have him become a member. Then help him learn the better ways of dealing with the borrowing public, and his full coöperation will follow. That is something that is needed now more than ever before in the history. A great majority of lenders are doing splendid work. They take a very active part in building good will. For instance, recently, there appeared an article in the *Detroit Times* where a man's home was destroyed by fire. He and his wife and four children were all badly burned. The entire family was taken to the receiving hospital. They were left without a home, furniture or clothing, and they had but $1.81 in cash. Mr. Stevens called him on the phone, and he said, "I am Mr. Stevens, manager of the Commonwealth Loan Company. I am sending you your mortgage cancelled."

The man said, "You mean—"

"Sure, paid. Glad to do it," and the conversation ended.

This was not only a very kind and charitable act, but it occurred when most needed, and I commend Mr. Stevens for his generosity to this unfortunate family, who needed help so badly. Many lenders are constantly doing similar charitable acts, and such deeds as these prove beyond question the lenders believe in kindness and fair play. They should be more numerous. Such acts are of vast importance in building good will, in molding public opinion and in presenting the helpfulness of our business to the community life, but remember this: A few men think themselves clever by cutting corners, and resorting to unethical methods, really do more to intensify distrust and prejudice in an hour than all the rest of you can build in good will in a week. One unethical lender can give a black eye to the entire small loan business in any city.

Making sure that you do the right thing is not enough. If we wish to re-

n in business on a profitable basis, must make sure that all other lenders l straight also. What the fellow s around the corner each day in his tions with the public is very nearly much your business in so far as good is concerned as what goes on in r own office, and whether you think or not, the salary-buyers, the unethical lers and the schemesters who operate the next block are undermining your iness, and if they are not stopped, r house will come crashing down. ur jobs, your investment and your 's work will quite likely be destroyed. n closing, I again urge you to stop asning an irresponsible attitude and act the responsibility that is rightfully rs. Start this very day and do all can to have every licensed lender be- a member of your Association, ere he can be educated because in ty there is strength, and we certainly d it. (Applause.)

GARNISHMENT

Representative Dyer of Missouri, introed in the National House of Repretatives a bill, H. R. 2970, which vides for the garnishment of and levy execution on wages and salary of l employees of the United States. The bill would make all wages and aries of civil employees of the United tes, where not exempted by state or eral law, subject to judicial process ough garnishment or execution, acding to the laws of the state in which judgment was rendered.

Referred to House Committee on the liciary, 5-15-29.

ADVERTISING INDUSTRIAL LOANS

By James M. Babbitt

That the Industrial Loan Business is t becoming highly competitive must be reasingly apparent to the layman who ay has only to turn to the classified tion of any large daily paper to find t from fourteen to thirty companies ready and eager to become his credis. Who, also, upon looking in his il box, may find several letters which vise him that he may obtain money on y short notice and will be permitted to e almost his own time in repayal. ho can expect (provided he lives in a spectable neighborhood) to find dered to his front door, almost any day, ndbills or circulars which notify him t with practically no effort on his t he can borrow on a newly devised n of lending which will allow him to ay in a short time at a low cost or ich will also allow of payments so all as to appear trival over a long riod.

The total effect of these solicitations y be to confuse the potential borrower. must appear to him to be astoundingly y to borrow money and, if he is to ieve what he reads, to be correspondgly easy to repay.

If we are to accept this conclusion it ould seem logical so to prepare our py for all newspaper advertising and o that for circulars and direct by mail erature so that the prospective borwer must realize that although there e many organizations who will serve n in time of financial need, that all of these are dignified institutions engaged in legitimate and very necessary business enterprises. From the tone and character of these solicitations he should be led to realize that present day Industrial Loan Companies operate because of a vital need for this existence and because this need and existence has been realized and approved by various sociological organizations and proven to the satisfaction of legislators of Indiana and many other states of the Union.

Any merchant must display his wares in an attractive manner if he expects to dispose of them at a profit and prosper. In earlier days this was accomplished by merely exposing them to the view of passers by his place of business. Modern merchants have come to realize that this is not enough. They must appeal not only to those people who by force of circumstance pass their place of business, but to all of the people of their community. To do this they must take space in local publications and by other agencies such as circulars and letters which will closely approximate this display in the homes of those who might become their customers. A single appeal by any agency will not now suffice either. It is necessary to keep their wares constantly before prospective customers and even before those with whom they have already dealt lest they be enticed away by a competitor who might display his commodity more alluringly.

Let us consider the case of a product which can only be classed as a luxury but whose total annual sales are known to run into many millions and whose yearly advertising appropriation is said to exceed three millions of dollars. We are daily reminded of the pleasant and beneficial virtues of Coca Cola from the pages of newspapers and magazines. The pretty maidens with whom it seems to be associated strike our eye in shop windows and above shop counters. We see the Coca Cola name and arrow displayed many other places on our daily journeys. That this company profits by this display cannot be seriously doubted.

Then let us also consider another name that was almost a household word say ten years ago. The name of a product whose makers decided, we are told, to stop advertising because they believed their product firmly established. Sapolio —this name has faded out until it is dimly remembered as being associated with the era of buggy whips and moustache cups.

With the realization of the necessity of constant display of our wares, we who merchandise money must come to know that our manner of advertising must, beside attracting customers by the availability and ease of procuring necessary funds, establish by the tone of our advertising in any medium the solidity and responsibility of our organization. Otherwise, we cannot long expect to maintain the respect and good-will so necessary to the successful conduct of our business.

We know that the success of the pioneer companies in our field has attracted much new capital of late years. Some of the possessors of this capital, after engaging in the Industrial Lending business, have tried to apply rules of advertising which, although they may have proven attractive and successful in other lines, may be distinctly unethical and even harmful in our field. It is our duty in these instances to see and endeavor to educate the persons responsible for such advertising. When this is done courteously and in the right spirit, let it be said to the credit of the offending parties, a satisfactory understanding is generally reached.

Let me site an instance of this type of advertising which occurred in a Missouri city not so many months past. A certain company which had proven successful in a slightly different type of lending undertook to engage in business under the uniform law which went into effect in that state in July, 1927. They felt that the 3½% rate was rather low and that to make an adequate return they must immediately secure a great volume of business. In an attempt to do this they started using space in the classified sections of the daily papers at the rate of a four or five-column spread over from eighty to one hundred and twenty lines. Their copy was not so especially objectionable as was the fact that they used great scare-heads for this copy and illuminated it with cuts, one of which showed a large fist clutching a quantity of ten dollar bills. This, however, was not the most sensational. The one which aroused local lenders and which was one of the causes of a special meeting to discuss advertising, pictured an old and haggard looking woman bowed down in grief. She appeared in an attitude of utter dejection with her head on her arms which rested on a table. Her need for consolation or assistance of some kind was very evident. I wish to quote the remark of a man who has long been dentified with one of the older established companies. He said, "Gentlemen, look at this poor woman and think! think of her crying, weeping bitterly for forty-two per cent money!"

If this was his reaction, what must have been the feelings of thousands of uninitiated readers whom we were then attempting to impress with the solidity and legitimate need for the business?

State and local organizations have many times attempted to regulate the amount of space used by members of various associations but with doubtful success. There are legitimate reasons why many organizations do not wish to operate under this restraint. Most companies are satisfied with the consistent increase of business which normal advertising copy and space will bring but are occasionally faced with the necessity of marketing an unusual surplus and would find it disastrous to sit idly by and permit this accumulation to use a hackneyed phrase, "eat its head off."

I wish to touch briefly on another phase of this subject which must be considered. It is well known that most legislative opposition to our business is based upon the presumption that our rate of interest is too high, or so at least say the authors of various acts to amend or repeal the uniform law. That it is not too high can be proven to the satisfaction of any intelligent and unprejudiced individual by anyone familiar with the unusual hazards involved and the relatively high cost of operation. However, we should consider that other eyes than those of prospective borrowers read our newspaper copy—that the eyes of the public as a whole see our display through the medium of circulars and mailing pieces. Let us endeavor to at least be moderate in our expenditures lest they be led to believe that our profits justify an enormous outlay for advertising.

It is to be greatly deplored that the general public does not have a more complete understanding of the nature and inner workings of the business of making Industrial Loans and the real justification of the Uniform Law. This might be accomplished by the proper kind of national advertising of an educational nature, the cost to be properly controlled and apportioned.

Then, too, it might be well had we a Will Hays like the movie makers or an arbitrator and dictator of unquestioned fairness, such as the Kenesaw Mountain Landis of organized baseball. All of these are a consummation devoutly to be wished. In the meantime, may we not, through our own efforts, properly set and arrange our own great show window, our literature and our press copy so as to be as near as possible like Cæser's wife, "Above suspicion."

IF YOU PLAY GOLF READ THIS

Special arrangements have been made with the Valley Forge Golf Club for a round of golf on Friday afternoon, September 20th. There will be a special reduced greens fee of one dollar. The course will be cleared so that the A.I.L.A. Convention Delegates will be able to drive off without delay.

And Man, we're telling you that it's a sweet course. Not difficult but yet not easy.

No matter if you shoot in the 70's or if your a Spanish-American golfer (out in '98 and back in '99)—or even if you've never played but want to—you'll enjoy this afternoon of golf. In order that we may make definite arrangements ahead of time we'd appreciate it if you would write Wm. F. Buck, Chairman, Entertainment Committee, 404 Denckla Bldg., Phila., Pa., and make your reservations for this afternoon of GOLF.

P. S.—Bring your own clubs if you wish—but you can rent good clubs at Valley Forge at a very nominal cost. Don't forget to let Mr. Buck know if you want to play.

NEW MEMBERS

Add these to your 1928 Yearbook directory: Home Finance Corporation, 415 Congress St., Portland, Maine; Alabama Cash Credit Corporation, 217 Bell Bldg., Montgomery, Ala.; The Sterling Finance Corporation, 88 Center St., New Haven, Conn.; American Industrial Credit Co., 107 E. Front St., Berwick, Pa.; American Industrial Credit Co., Kronenberg Office Bldg., Carlisle, Pa.; American Industrial Credit Co., 10 York St., Hanover, Pa.; First Industrial Bankers, Inc., Wailes Bldg., Salisbury, Md.; American Industrial Credit Co., 117 W. Broad St., Tamaqua, Pa.; American Industrial Credit Co., 459 Main St., Bethlehem, Pa.; American Industrial Credit Co., 104 W. Independence St., Shamokin, Pa.; Conservative Credit System of Penna., 429 Fourth Ave., Pittsburgh, Pa.; Beacon Finance Corporation, 812 Military Park Bldg., Newark, N. J.; Geo. M. Wilson, Asso. Mem., 1363 Downer Ave., Milwaukee, Wis.; American Industrial Credit Co., 318 Pujo St., Lake Charles, La.; Hart Loan Society, 411 Spruce St., Scranton, Pa.; First Industrial Bankers, Inc., 13 E. Washington St., Hagerstown, Md.; American Small Loan Co., Inc., 111 Main St., Hopewell, Va.; American Industrial Credit Co., 209 W. Lincoln Ave., Lafayette, La.; American Industrial Credit Co., 413 Baronne St., New Orleans, La.; Investors Loan Corporation, 204 Lynch Bldg., Jacksonville, Fla.; Continental Finance Corporation, 503 Griest Bldg., Lancaster, Pa.; Home & Auto Loan Co., 71½ N. Saginaw St., Pontiac, Mich.; Commercial Small Loan & Finance Co., Inc., 207 Arcade Bldg., Hagerstown, Md.; New Jersey Co-Operative Finance Corp., 14 Journal Square, Jersey City, N. J.; Badger State Cash Credit Corp., 300 N. Washington St., Green Bay, Wis.; Georgia Cash Credit Corp., 105 Main St., La Grange, Ga.; Illinois Cash Credit Corp., 305 Armory Block, Ottawa, Ill.; Illinois Cash Credit Corp., 503 Murray Bldg., Streator, Ill.; Penna. Cash Credit Corp., 238 High St., Pottstown, Pa.; Penna. Cash Credit Corp., 801 Hamilton St., Allentown, Pa.; Connecticut Cash Credit Corp., 60-62 Main St., Torrington, Conn.; Alabama Cash Credit Corp., 701 Merchants Bank Bldg., Tuscaloosa, Ala.; General Finance Co., 614 Slattery Bldg., Shreveport, La.; Credit Service, Inc., 604 Locust St., McKeesport, Pa.; General Loan Co., 219 Pittock Block, Portland, Ore.; Commonwealth Loan Co., 207 Anderson Bank Bldg., Anderson, Ind.; Metro Loan Co., 1306A 19th St., Granite City, Ill.

YEARBOOKS WANTED

If any of our readers have American Industrial Lenders Association Yearbooks for the years of 1919, 1920, 1921, and 1922, and wish to part with them for $1.00 per copy, please communicate with Sylvar E. Hess, Attorney and Counsellor-at-Law, Pioneer Building, St. Paul, Minn.

PERSONAL

Charles G. Mueller, president of the Community Finance Service with headquarters in Philadelphia, has been elected a director and chairman of the finance ommittee of the recently opened Adelphia Bank and Trust Co. of Philadelphia.

IMPORTANT TO MEMBERS

The coming National Convention—Philadelphia, September 18th, 19th, 20th—offers a splendid sales argument in soliciting new members for the A.I.L.A.

At this particular time no lender who is interested in the future of his business can afford to withhold his coöperation. Membership in the Association is the very best kind of coöperation. Besides, membership in the A.I.L.A. represents an investment that will bring an astonishingly high return. It is, in addition to being an investment, the very best insurance—and no regular insurance offering the same protection can be had at even a hundred times the cost of membership.

These points, plus your own good re oning, should be sufficient to sell a non-member on "joining up" with The important thing is to go out a contact them.

The Membership Committee asks yo coöperation to achieve the goal of thousand members by September, 192

Contact YOUR prospect and get application. TELL HIM ABOUT TH FIFTEENTH ANNUAL CONVE TION, PHILADELPHIA, SEPTE BER 18th, 19th, 20th. He'll be able get his money's worth out of that meeting alone.

BORROWER SHOWS HIS GRATITUDE FOR LOA

Letter Sent Industrial Lender Ty cal of Many That Are Received

This shows the kind of service wh the Industrial Lenders of the Uni States of America are rendering general public. The letter that follo was received by a loan company wh is a member of the association. T type of letter is not limited to any company. Many companies are rece ing almost everyday expressions of preciation of the services which the dustrial lenders are rendering.

Here is the letter:

May 23, 192

Dear Sir:—

Received your Recommendation C and many thanks for same. I want thank you for the courtesies exten to me, first in granting the Loan wh I most needed it; secondly, in extend over a monthly payment when I had short month; and thirdly, in the busine like manner in which you handled transaction throughout, even to remi ing me that if I again needed your se ices, you were at my service both mora and financially.

A loan when it is really needed worth twice the nominal fee that charge and your institution is just essential to the small fellow as the n lion dollar resource bank with great le ing power is to the big borrower.

In this day and age the Industrial L Companies are an essential factor everyday life and help many a per over the rough spots and assist in so ing his financial problems.

Again thanking you for your co tesies,

Yours very truly,
GRATEFUL BORROWER

"Nature is the world's greatest a ist," says a writer. "But it must be c fessed that she is quite incapable copying the pictures on seed packet —*Humorist (London).*

"Has your new play an unhappy e ing?"

"Yes, it closes Saturday night."—*L*

AILA
Convention News

VOL. 15 PHILADELPHIA, SEPTEMBER 18, 19, 20, 1929 NO. 1

LENDERS TO HOLD SNAPPY MEETING IN PHILADELPHIA

EPTEMBER 18, 19 AND 20 SET AS DATES FOR OST URGENT MEETING IN HISTORY OF MERICAN INDUSTRIAL LENDERS ASSOCIATION

hree day program brim-ful of important meetings, nationally known speakers and snappy entertainment

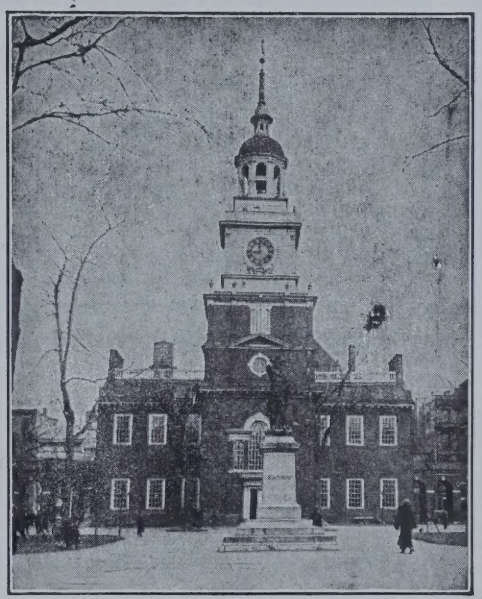
Philadelphia.—The AILA onvention Committee has nounced plans for the 15th nual Convention are now mpleted and that every- ing indicates an enormous d vigorous gathering of dustrial lenders.

We quote the silverhaired airman of this Committee, V. Hart: "The Convention ll open at 10 A. M. on ednesday, Sept. 18—and nen we say "open" we don't ean perhaps. My tip to legates is that they plan arrive in Phila. Tuesday ght so they will be in a ngside seat when the gong unds for the opening round otherwise they are going miss something."

Wm. F. Buck, in charge of tertainment, when asked there would be a program r the ladies replied: "Pro- am for the ladies! Say, ddie, what we have planned to keep the ladies happy will make a Cook World Tour look like a quiet, rainy Sunday at home. If any lender fails to bring his wife to this convention and she later finds out what she missed—well, he's in for one fine, first-class divorce."

And speakers! But let the Committee in charge of speakers speak their own speech about the speakers. Here's what they said: "Never before have speakers of such national prominence been scheduled to address the delegates of the AILA. The names of these speakers—to be announced later — will knock your hat in the creek, so to speak."

The Committee was very emphatic in saying that the convention wouldn't be all work and no play for the men. In fact plans have been made for special trips and GOLF.



INDEPENDENCE HALL
Just one of the hundreds of things that Philadelphia — the Nation's Birthplace — holds for Convention visitors

WATERLOO LENDER SAYS HE SPENT WEEK END IN PHILA. ONE DAY LAST SUMMER

He Plans to Spend a Month Here During the Three Day Convention Period

"Tate" Harrison of Waterloo, whose plans are already made to attend the AILA Convention in Phila. on September 18, 19 and 20, said to our reporter: "I spent a week-end in Phila. last August 5th and it is my intention to spend a month there Sept. 18, 19 and 20. That may have all the earmarks of a wise-crack about the Quaker City but what I mean is that there is so much of real interest to see in Phila. that a day there is as valuable as a week-end in the average city. On the basis of past experience I fully expect to get as much entertainment and knowledge during the 3 day convention as would ordinarily be acquired in a month in any other place."

There you are! How's that? And from a Waterloo-ian, too. Take this tip: arrange now to attend the convention *sure*.

Make Your Convention Reservations Early

MEETING SCHEDULE

TENNESSEE—Chattanooga, June 6.

NEW JERSEY—Sea Girt, June 6.

FLORIDA—Tampa, June 19.

MASSACHUSETTS—(??) July 17.

OHIO—Cedar Point, July 24-26.

PENNSYLVANIA—Reading, August 14.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

SPECIAL SERVICE FOR A.I.L.A. DELEGATES TO PHILA. CONVENTION

IF ANY Delegates to the 15th Annual Convention of the A.I.L.A., to be held in Philadelphia, Sept. 18th, 19th and 20th would care to spend Saturday and Sunday following the convention in either Atlantic City or New York, the Chairman of Registration will be very glad to make advance hotel reservations and provide you with railroad or bus schedule.

Some may want to arrange vacation to follow directly after the convention in which case the committee can be of great service to you in helping you figure out your vacation itinerary. Address H. P. Gatter, Chairman Registration Committee, 5555 Germantown Ave., Phila., Pa.

Loan Offices Wanted

Will Buy Individual Offices or a Chain of Any Size

Outright Purchase

or

Participation in Ownership

Write

E. D., Box 778
Industrial Lenders News
Harrisburg, Pa.

ROLLING STONES .....

Knocking about trying this job and that job, this firm and the other firm, will get you plenty of experience but little cash. Why spend your life learning all about your work, collecting hard knocks and poor pay?

Others have gone through the bitter mill of experience but that is no reason why you should.

Are you looking at your future from the angle that you *must* spend so many years as Investigator to become Manager, or you *must* spend so many years as Manager to become an Auditor or Supervisor?

Mental growth determines progress in salary and position and this growth does not necessarily take place because you have so many years experience. You must guide that experience!

Cultivate your present abilities by "learning while earning," by using the written experience of highly successful people to help you get ahead faster.

Your chance for a successful life, a good position, good salary—lies at your very doorstep.

Learn how by acting today! Clip and mail the coupon now!

Incorporated as a Correspondence School under laws of the State of New York

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
2 Lafayette Street, New York, N. Y.

Gentlemen: Please send me, without obligation, information about your course in successful loan office management.

Name .....

Address .....

City and State .....

INDUSTRIAL LENDERS · TECHNICAL · INSTITUTE

Winter Written Advertising Gets Business in Summer

Most people like surprises. We can give you the most pleasant surprise you ever had by materially increasing your summer business—and at a small cost to you.

Winter written copy—whether it be folders, letters or newspaper advertisements—always gets the business because it is based on several years' knowledge of the borrowing public and what will cause it to borrow from you rather than from anyone else.

Another surprise will be the extra low price we can make you because of our large number of customers in every part of the country. Write for samples and prices—no obligation.

A. H. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

303

INDUSTRIAL LENDERS NEWS

fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

XIV, No. 1. JULY, 1929. Price, $1.00 a year; Single copies, 10 cents.

UNIVERSITY OF ILLINOIS LIBRARY JUL 15 1929

Substitutes for Loan Sharks in Atlanta, Georgia

Discussion of the Availability of Consumer Cash Credit by J. L. R. Boyd, Counsel of the Legal Aid & Anti-Loan Shark Committee of the Atlanta Junior Chamber of Commerce, Atlanta, Georgia

INTRODUCTION

he average man, who, in his public ion, is usually within a few years of g right, characterizes every person "commercializes" the lending of ey as a "loan shark." Up until ust, 1910, this was a reasonable be- Up until this time, with the excep- of bankers, lending deposits, all ers had to adopt fictions in order to a fair rental for "money" capital.

he Legislature at nearly every session rimented with new penalties and for- res for usury. No one can say ex- what its considerations were, for so g, but at each session, it fixed an arbi- y rental price of 7% or 8% for money rdless of its value, either to the bor- r or to the lender and made any up- l variance illegal and usurious.

oubtless because this type of Legis- n and "price fixing" antedated the stitution of any State of the United es the Courts never questioned such ictions on the right to contract with rence to money, although such arbi- y price fixing has always been ques- d with reference to any other prop-

he Courts, however, have through the s dealt kindly with financiers as they sed "commissions," "discounts" and s" as substitutes for usury in order to pensate for the use of money.

o universal was the practice of evad- both the letter and the spirit of the est laws that in the minds of the t masses of people it is a tradition all money lenders (especially indus- lenders) take usury directly or in- ctly.

n August, 1913, however, having d for 150 years to solve the "Loan rk Problem" by prescribing rates penalties (see Exhibit "A," an lysis of usury laws of Georgia ce 1755,)—the legislature of rgia began to devise laws creat- "Quasi" public institutions as stitutes for loan sharks.

hese "substitutes" observe both the r and the spirit of the law. Neither haracter or in practice, technically or rwise, should they be called "loan ks." As semi-public banking institutions, they supply cash credit to the general public, under terms and conditions so remedial and beneficial as to have enormously improved the welfare of the masses of people. Particularly are they serviceable in giving an independence of "credit" prices for the necessities of life.

However, even that small section of the general public, acquainted with the new policy of the Georgia Legislature relative to usury, are frequently harsh in their criticism of the "substitutes for loan sharks." No matter how decent the institution, as compared with any other business, its operators are constantly, both by debtors and disinterested persons, referred to as "shylocks" or "sharks." This is not surprising, however, for in this progressive age, an Institution hailed with delight to-day, as a relief from oppression or inconvenience is generally **cursed** and **damned** to-morrow for its imperfections. Particularly is this true if the new Institution has replaced or shoved aside any old organization whose disgruntled adherents have any power of setting into operation adverse propaganda.

The loan shark, gradually being exterminated by competition, of State regulated Small Loan Companies, has developed a desperate opposition to his successor and called into his employ the charlatans who infest Legislative lobbies playing upon the prejudice of those who think in terms of individuals and provinces,—rather than of society and its collective problems.

The laws creating substitutes for loan sharks have authorized variable rates on Small Loans ranging from 19% to 35% per annum. To urban members of the General Assembly, acquainted with the short term credit problems of a city population,—they appear consistent with risk and cost expense. To Legislators from rural sections, habituated to the 150 year old tradition of 8%, these rates seem exorbitant.

At each session of the Georgia Legislature, Bills are introduced by the loan sharks to emasculate our Small Loan Laws. It is reported that certain of the salary buyers of Atlanta, (see Exhibit "E"), have collected several thousands of dollars and are planning to introduce a Bill in the Georgia Legislature during the Summer of 1929, to cut the rate of industrial lenders to 1% per month. Although industrial lenders can lend only on "wages and salaries," as security, such a rate reduction bill always finds some support in the "Agricultural Bloc," who fear, without reason, an extension of the business to the security of "crops" now financed by rural banks at 8% as seasonal loans.

Fortunately, members of the General Assembly of Georgia are almost without exception men of judicial ability and integrity. Moreover, they have a great understanding of the social problems in the larger cities. Such an effort to destroy the system of "installment" small loan banks, as hereinafter described, will be abortive because fortunately they have been in operation long enough to overwhelmingly demonstrate their desirability.

The object of this article is to assemble a few approximate figures illustrating and justifying these laws and these Institutions. It is to be hoped that some day the Legislature will establish a "fact finding commission" affiliated with the State Banking Department of Georgia to arrive at accurate and scientific figures as to the cost and availability of cash credit, furnished by the small loan companies.

Hereto attached, is an analysis of the various types of Small Loan Companies with the comparative cost to borrowers. (See Exhibit "C.")

Your attention is invited to notes 1 and 2 of Exhibit "C," illustrating the evasions of the usury laws of the State of Georgia, —as practiced by certain "Salary Buyers" and "Guarantors."

DEPENDENCE OF ATLANTA PEOPLE UPON THE SMALL LOAN COMPANIES

Opinions vary, influenced largely by the business affiliations of the holder, as to the extent, the business of cash credit should be encouraged (expanded) by Legislation or otherwise. As long, however, as Georgia garnishment laws are so favorable to creditors, it seems that no type of credit will be denied our people. There seems to be an enormous competition for business, through which thousands of people each day are being overloaded with

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1928-1929

President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.

Vice-President, A. P. Snite, 58 W. Washington St., Chicago.

Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, T. M. Kaufman, 312 Guaranty Bldg., Indianapolis.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. B. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.

Legislation, V. C. Moore, 2 Lafayette St., New York City.

Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.

Membership, W. Young, 220 S. 16th St., Philadelphia.

Vigilance, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

NATIONAL COUNCIL

Ariz.—F. E. Winship, 23 E. Washington St., Phoenix.

Colo.—W. W. Kirby, 1030 Gas & Electric Bldg., Denver.

Conn.—W. C. Kendrick, 14 Center St., New Haven.

Fla.—W. C. Tinsley, Wallace S. Bldg., Tampa.

Ga.—R. R. Lanham, 205 Forsyth Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. B. Nichols, Clinton.

Iowa.—Wm. DeBeaulieu, 312 Frankel Bldg., Des Moines.

La.—Leo Heyman, 1252 Canal Bank Bldg., New Orleans.

Me.—C. J. Bernstein, 14 State St., Bangor.

Md.—C. A. Gardner, 129 W. Saratoga St., Baltimore.

Mass.—D. J. Wholey, 45 Merrimac St., Lowell.

Mich.—J. J. Bentley, 427 Lafayette Bldg., Detroit.

Mo.—H. F. Reilly, 711 Midland Bldg., Kansas City.

N. H.—H. A. Rouillard, 71 W. Pearl St., Nashua.

N. J.—A. E. Montgomery, 40 Journal Square, Jersey City.

Ohio.—W. W. Hamilton, 1506 Buckeye Bldg., Columbus.

Pa.—A. V. Hart, 609 Denckla Bldg., Philadelphia.

R. I.—A. Pomfret, 301 Main St., Pawtucket.

Tenn.—W. Richards, 301 W. Vine Ave., Knoxville.

Va.—J. J. Price, 201 Mountain Trust Bank Bldg., Roanoke.

Wash.—J. W. Todd, 105 W. 8th St., Vancouver.

W. Va.—F. H. Withrow, 27 Arcade, Charleston.

Wis.—P. J. Koehler, 726 Empire Bldg., Milwaukee.

STATE SECRETARIES.

Ariz.—L. B. Christy, Phoenix.

Colo.—L. M. Brazier, 320 Symes Bldg., Denver.

Conn.—Henry Holm, 152 Temple St., New Haven.

Fla.—Alfred Lovesky, 309 Olympia Bldg., Miami.

Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—P. A. Hancock, 202 American Central Life Bldg., Indianapolis.

Iowa.—L. W. Flinn. 309 Shops Bldg., Des Moines.

La.—F. B. Smith, 1707 Dryades St., New Orleans.

Me.—A. C. Sager, 14 Lisbon St., Lewiston.

Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

Mo.—R. E. Hughes, 119 N. 7th St., St. Louis.

N. H.—F. A. Brodeur, 967 Elm St., Manchester.

N. J.—J. Gay Seabourne, 110 W. 40th St., New York City.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penna.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 307 Main St., Pawtucket.

Tenn.—C. R. Gage, 616 South Gay St., Knoxville.

Va.—S. L. Tucker, 102 S. St. Asaph St., Alexandria.

Wash.—M. B. Hill, 7 N. Third Ave., Walla Walla.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

credit. (It is a notorious fact, that retail and installment credit is universal in Atlanta. From 60% to 80% of all retail sales being credit transactions.) These thousands of people, when "overloaded," have the alternative of appealing to the Bankruptcy Courts or appealing to the Small Loan Companies in Atlanta for remedial loans, repayable out of future earnings. There is no other recourse,—our people have less than $50.00 per capita as a fixed financial reserve upon which to call in times of emergencies. **(See Exhibit "B," a comparative analysis of savings deposits in Georgia and other States.)**

TYPES AND ESTIMATED CAPITAL OF THE SMALL LOAN COMPANIES SUPPLYING CASH CREDIT TO ATLANTA PEOPLE

Hereto attached, exhibit "D" an approximate analysis of the loan balances of the varying types of small loan companies in Atlanta, Georgia as of the years of 1900, 1910 and 1929. These balances show approximately as follows:

1900	1910	1920	1929
$750,000	$2,200,000	$2,567,000	$5,400,000

For 300,000 people, we now only have approximately $18.00 available per capita—a very small amount if our people are ever to get and keep the habit of paying cash for consumables. It is generally admitted that the poorest people should pay cash. Credit prices are frequently excessive and oppressive.

Hereto attached, also lists of "The Small Loan Companies," now authorized, or chartered to do business in Atlanta, Georgia. (See Exhibit "E" salary buyers, Exhibit "F" Guaranty Companies, Exhibit "G" Pawn Brokers, Exhibit "H" Banks, Exhibit "I" Industrial Bankers, Exhibit "J" Credit Unions, Exhibit "K" Industrial Loan Companies.)

(A) LEGISLATION AGAINST LOAN SHARKS

Reference is made to Exhibit "D," an analysis of the usury statutes passed in Georgia and illustrating changes in penalties of usury, since 1759.

In 1904, (Acts Georgia Legislature, 1904, page 79,) under the guise of a regulation of the "Small Loan Business"—Sections 3444 to 66 of the Georgia Code was established, which effectively destroyed the then "high rate" small loan business, but authorized (under apparent regulation) what became in a few years an enormous business (See Exhibit "C") of advancement of money in exchange wage assignments. At one time 200 Co panies (and individuals) were engaged extending credit in sums of $5.00, $10 $20.00, $30.00, for discounts of $1 $3.00, $5.00, $6.50 respectively. Up u 1925, every attempt to enforce the regu tions of the act, (1904), and subsequen Anti-Loan Shark acts were abortive to the powerful political influence veloped by the 200 operators. (See E hibit "C," note 1.) **The prosecutio were stifled, civil cases were fram on "moot" points and carefully gineered to the supreme courts manufactured premises, to obtain terpretations apparently favorable the practice of the then business.**

In 1920, the Uniform Small Loan L (applying to loans of $300.00 and le was passed by the Legislature as an A Loan Shark measure. The rate fixed at 3½% per month, on unpaid b ances, and loans on salary assignme were regulated thereby. However, to lack of particularity, the criminal p visions of the act were not applicable salary buyers who failed to accept law and its maximum rate. Certain these Companies have continued to l on salaries and wages, at forbidden ra because the only specific penalty was of principal and interest. (See Exh "C," note No. 1.)

In 1924, the Atlanta Junior Chamber Commerce through its Legal Aid & A Loan Shark Committee, began the forcement of the 1920 Small Loan L Due to activities of the Committee, o 34 of the original 200 operators conti to advance money on salaries. This maining 34 have reduced their mont rate to approximately 10 per cent, few of them, however, have changed th method of securing repayments of loa which both, in effect and in reality, i violation of law. **However, the volu of this business per annum could under liberal estimates exceed $5 000.00 over against its former in tion, of several million per annu (See Exhibit "D" and "E.")**

(B) LEGISLATION PROVIDING SUBSTITU FOR LOAN SHARKS. (1) (INDUS-TRIAL BANKS)

On August 15, 1910, and on August 1913, the Georgia Legislature was p suaded to amend the interest laws on statute books so as to permit the "Mo Plan Companies" (Industrial Banks), operate in Georgia Cities. (See Exh "C" and "D," for the relative rates amounts of capitalization of such co panies.) The capitalization of these co panies was the first effort in Georgia provide substitutes for loan sharks. opportunity given borrowers to purch investment certificates for savings p poses and as collateral for future loa from a **social** standpoint, was the gre est good of this law. To this date, th have been unable to supply the dema for **"Small Loans"** by the 300.000 peo in Atlanta not served by Commerc Banks. To meet this demand, the lanta & Lowry National Bank in 1 established its Personal Loan Depa ment. (See Exhibit "C,") operating a system not dissimilar to the "Mo Plan." It is not believed, however, t this Personal Loan Department

(Continued on page 4.)

LOAN OFFICES WANTED

We will purchase for cash Individual Offices located in any state or a chain of offices. No Individual Office with an outstanding loan balance of under $40,000 will be considered

Our resources are such that we can consider any number of offices or a chain of offices of any size ∴ ∴ ∴ ∴

Present management may be retained

All Replies held in absolute confidence

FIRST INDUSTRIAL BANKERS

INCORPORATED

FIRST NATIONAL BANK BUILDING BALTIMORE, MD.

SUBSTITUTES FOR LOAN SHARKS IN ATLANTA, GEORGIA

(Continued from page 2.)

greatly expand, through its operations, the total amount of consumer cash credit balances in this city. Many of the Industrial Banks, Loan Companies and Credit Unions carry amounts with its Commercial Department and to expand to a point of competing with customer companies for the loan business of the masses of the people seems impractical.

NOTE: The efforts of the "Morris Plan" people (excluding this bank) to supply capital for credit for consumer needs have not realized more than $1,652,000. (See Exhibits "D" and "I.") This is approximately $5.00 per capita.

(2) Industrial Loan Companies. (Loans of Less Than $300.00)

In 1920 (Acts 1920, page 215), the State Legislature enacted the Uniform Small Loan Law," designed to attract capital into the small loan business by authorizing the maximum rate of 3½% per month on unpaid balances, not exceeding $300.00. This was the equivalent of taking all limitations as to rate of interest off the State licensed Small Loan Companies, lending less than $300.00.

The Legislature in passing the law, abandoned its idea of fixing any rate trusting to competition attracted by possible profits to fix a reasonable rate. **This it seems has been gradually brought about.** In 1928, one of the largest lenders dropped its rate to 2½%. This company now offers to the 300,000 people in Atlanta who patronize small loan companies approximately one half million dollars at 2½%. This approximates the rate offered by the Industrial Banks (the Morris Plan Companies.) It appears inevitable that a comparative rate war, which will react to the benefit of borrowers, is now in effect. The result of this competition will not fully appear for several years.

Whether there will be a division of business, some companies catering to the "white collar" class, others to the "man in overalls," or

Whether each company will attempt different rates for different social classes of customers, or

Whether loan rates will be scheduled according to the amounts of service costs involved,—whatsoever, the outcome of the competition, it is generally agreed that the borrower will benefit. The result must be healthful loans and an increased desire for the "good will" of customers.

None of the smaller companies have offered yet, to reduce their rate. They argue, reasonably, that "capital cost," and "service cost" on amortization repayments approximate $10.00 per loan. They assert that loans of less than $100.00 cannot be made at the rate of 2½%. They predict that hundreds of people desiring small loans will be abandoned to the "loan sharks," if competition forces all companies to adopt a rate only appropriate to loans of $100.00 and above. As pointed out, however, in Exhibit "C" Note No. 1, the existence of loan sharks is accounted for by other reasons than the lack of "available" cash credit. While it is true, that the people of Atlanta have been trained for thirty years by salary buyers and loan sharks to accept $10.00, $20.00 and $30.00 loans and there is still an enormous demand for this type of credit.—It must be remembered,—

First—That the worthwhile loans are for family purposes, and

Second—Rarely beneficial, if less than $100.00 in amount, and

Third—If amortized, each $5.00, $10.00, and $20.00 repayment is, in deed and in fact, a small loan with a separate due date, and

Fourth—The extension of time on repayments amount to auxiliary loans and adequately serves the borrower (with irregular income).

Fifth—Such extension of credit calls for extra service, compensated by the accumulation of interest, but

Sixth—Considerations of good business practice, as to security, good will of customers, etc., prevent the abuse of this privilege, so encouraged by such accumulation of interest.

A close study of the law, reveals that the maximum 3½% rate, adjustable to the unpaid balances, is a rate which will always permit trading between any type of borrower with any type of lender. We cannot conclude that one type of lender will specialize in loans of less than $300.00, at the maximum rate; that another type of lender will specialize in loans of from $100 to $300 at a lower rate. We can conclude, however, that cutting the rate will not drive out the companies with a small capital, because the outstanding characteristic of industrial lending is the relation of confidence existing between the borrower and lender which transcends in its importance all considerations of "high" or "low" rates. It is believed, that there will always be available at least one million dollars in Atlanta at the 3½% rate for the poorest people.

Industrial lending companies of all types and rates now have approximately $1,900,000, (See Exhibit "D") or approximately $6.00 per capita for the borrowing population.

(3) Credit Unions

In 1927, on April 14, 1927, the Legal Aid and Anti-Loan Shark Committee of the Atlanta Junior Chamber of Commerce being unsatisfied with the amount of legitimate money available to small borrowers in Atlanta, arranged and called upon the six "Credit Unions" then functioning under the laws of Georgia of 1925, to organize among themselves for the extension of the Credit Union Movement. At a banquet given by the Junior Chamber of Commerce, the Credit Union League of Georgia was organized. This League has functioned and added 37 member Credit Unions to its membership in Atlanta, and 52 in the State of Georgia. These Credit Associations already have assets, subscribed of approximately $1,000,000.00. Over 100,000 people in Atlanta, alone, are eligible to membership. (See Exhibit "J.") These memberships also will represent 100,000 new savings accounts. With such accounts as collateral, 100,000 people will become their own "Loan Sharks" to the extent of millions of dollars, available for all loans including possibly, second mortgages on real estate. At present these Credit Associations have approximately $300,000.00 loaned to members.

(4) Provident Loan Societies and Employer Loan Funds

No statistics, are, or ever will be, available as to the volume of the private loan business in Atlanta **between individuals.** No "Provident Loan Societies," as such (charitable) exist in Atlanta. However, the larger corporations of this city, notably the Southern Bell Telephone Company, the Banks, the Department Stores, the Universities, have endowment funds available from which employees obtain loans at little, or no interest. However, for various reasons which are inherent in American human nature, such beneficiaries have never utilized this source of cash credit to any appreciable extent, employees preferring to patronize private financial institutions extending loan service on an impartial and business-like basis, to the general public. It is doubted if the sum total of loans from such sources totals $100,000.00 per annum.

Conclusions

FIRST—Small Loan conditions in Atlanta are improving rapidly from standpoint of the borrower in these ways, to-wit:

1st.—Supply.

2d.—Cost.

3d.—Terms of repayment. (Methods of Collections.)

(Note.—As it stands now, the 300,000 people in Atlanta, when refused credit by the Commercial Banks, visit several splendid Credit Unions and Industrial Banks in the City. If his security or collateral is not sufficient here, he has the opportunity of visiting either the 2½% companies or the 3½% ones. Upon a promise to reduce the indebtedness by installments, the loans may generally always be perfected. And while, as stated, there is practically unlimited latitude to the lender in his charges, the lender himself is responsible to the State Banking Department for his operations and abuses of his franchise are generally inconsiderable due to his absolute dependance upon the Government for extension of license to operate. s a general rule, borrowers under Georgia Laws are better protected than purchasers of goods at credit prices and where title is reserved ot the seller.)

SECOND: Conceding the economic necessity or value of salary brokers (which informed people deny), there is still great need of legislation preventing evasion by licensees of regulations of salary buyers. The amendment of the Georgia Code (sections 3444-66) as suggested in Note 1 to Exhibit "C," would be salutary.

(Note.—As the law stands now, victims of "outlaw" salary buyers carry too great a "burden of proof" and only with the help of skillful and devoted counsel can they prevail in the Courts. Such counsel are rarely available to the poorest people.

J. L. R. Boyd,
Counsel for The Legal Aid and Anti-Loan Shark Committee of the Atlanta Junior Chamber of Commerce.

EXHIBIT "A"

Changes in the penalties for the violation of the Usury Laws of Georgia, from 55 to 1929.

ars Passed	Legal Interest	Civil Forfeitures	Criminal Penalties
55-p 61	10%	NONE	NONE
59 (Princes Dig. 199)	8%	Note 1 & 4	NONE
22-p 139	8%	Note 2	NONE
45 (Cobbs Dig. 393)	7%	Note 2	NONE
56	7%	Note 3	NONE
63-Sec. 2022-24	7%	Notes 1, 3 & 5	NONE
68-Sec. 2022-24	7%	Same as 1863	NONE
71-p 75	10% (written) 7% (Otherwise)	Notes 3 & 6	NONE
73-p 52	REPEAL OF ALL USURY LAWS.		
75-p 105	12%	Note 2	NONE
	7% (Otherwise)	Note 2	NONE
78-9 p 184	8% (When Agreed)		
04-p 79	Same as 1879	Notes 3 & 11	
08-p 83	Over 5% per Month made a crime		Note 9
20	3½% a month if licensed under Small Loan Act	Notes 8 & 11	Note 10
	Same as 1879 Otherwise.	Same as 1879	

OTES

1. Contract void.
2. Forfeiture of all interest.
3. Forfeiture of excessive interest.
4. Recovery allowed to borrower of trebble, principal, interest, or anything, which was the subject matter of the transaction.
5. Forfeiture of the security.
6. Recovery allowed to the borrower, of usury, within 6 months.
7. Recovery allowed to the borrower, of usury, within 12 months.
8. Forfeiture of all principal, interest, and all charges whatsoever.
9. Crime—Misdemeanor, punishable by fine of $1,000.00, imprisonment for 6 months, county road work, not more than 12 months.
10. Crime—Misdemeanor, punishable by fine of $500.00, imprisonment for 6 months or both.
11. Forfeiture of License.

EXHIBIT "B"

Per Capita Individual and Savings Deposits in All State Banks, National Banks and Trust Companies in the United States.

ombined from U. S. Government Census statistics by L. L. Antle, School of Technology for Legal Aid and Anti-Loan Shark Committee of the Atlanta Junior Chamber of Commerce.)

ATES—	1925 Individual (See Note 1)	1925 Savings (See Note 2)	1926 Individual (See Note 1)	1926 Savings (See Note 2)
w England States	$679.38	$435.15	$717.35	$484.82
tern States	710.38	289.17	739.81	353.63
w York	1,031.14	358.28	1,076.36	500.16
ldle Western States	365.11	107.60	373.78	125.74
o	263.19	157.05	377.69	165.21
ois	463.43	151.89	469.31	157.14
thern States	152.26	38.87	156.14	38.68
ORGIA	101.75	28.42	104.45	32.37
ida	469.60	99.28	444.39	133.92
bama	96.11	35.34	102.37	38.21
sissippi	105.64	23.24	118.92	25.30
U. S. and Possessions	369.13	142.15	381.32	164.15

ATES—	1927 Individual (See Note 1)	1927 Savings (See Note 2)	1928 Individual (See Note 1)	1928 Savings (See Note 2)
w England States	$806.15	$530.44	$850.46	$569.87
tern States	781.64	398.78	802.68	431.11
w York	1,152.87	562.37	1,190.27	610.40
ldle Western States	376.82	185.88	387.36	198.03
o	392.79	217.36	401.85	230.98
ois	477.92	202.49	500.19	221.33
thern States	152.92	57.30	153.96	59.84
ORGIA	101.42	44.85	102.55	49.82
ida	330.13	126.39	275.49	113.61
bama	102.64	42.16	105.67	45.26
sissippi	120.88	54.21	119.10	56.59
U. S. and Possessions	393.92	200.55	405.46	214.23

e 1. Individual Deposits column include Postal and all other demand and time deposits.
e 2. Savings Deposits column include only interest-bearing Savings Deposits.

EXHIBIT "C"

An Analysis of the Approximate Cost of Small Loans in Atlanta, Ga.

Type of Institution and Usual Security	Interest Cost (Per Annum)	Other Cost
Loan Shark. (Exhibits "E" & "F"		(See Note) Nos. 1 & 2
A. Pseudo-Salary Buyers. (Wage Assignments) (Exhibit "C")	240% to 480%	(See Note) No. 1
B. Guarantee Companies. (Credit Vendors. Bills of Sale on Personal Property (Exhibit "C")	240% to 360%	(See Note) No. 2
Pawn Brokers (Laws of 1908) Personal Property Pledges. (Exhibit "G")	5% to 60%	25c Storage Fee
(A) Banks (Commercial Departments) Investment Securities, Real Estate...	8%	None
(B) Banks (Personal Loan Departments) (Exhibit "H")	6% (13% rate on the average bal. less 3½% int. on repayments)	50c Fee and 5% Fine on Delivery Payments

Do You Know?

That we have the following Forms in Stock

?

30 Different Notices
8 Different Mortgages
4 Different Bills of Sale
30 Different Ledger Cards
2 Different Makers Cards
3 Different Daily Reports
7 Different Payment Books
3 Different Endorsers Cards
4 Different Payment Records
6 Different Automobile Forms
7 Different Investigators Reports
3 Different Account Statements
2 Different Pay Book Jackets
30 Different Advertising Circulars
10 Different Advertising Inserts
5 Different Wages Assignments
12 Different Monthly Letters
2 Different Interest Tables
4 Different File Envelopes
2 Different Source Sheets
21 Different Applications
5 Different Receipts
20 Different Notes

Samples Upon Request

EVANS & THOMAS PRESS

National Loan Form and Advertising Specialists

4 oboken Ave., JERSEY CITY, N. J

Telephone Montgomery 8723

LOAN FORMS FOR ANY STATE

EXHIBIT "C"—*Continued*

Type of Institution and Usual Security	*Interest Cost (Per Annum)*	*Other Cost*
IV. Industrial Bankers. (Morris Plan) Either that of Industrial Lenders or of Commercial Banks. (Exhibit "I")	8% (18% rate on the average balance).	Fees, Fine on del. payments
V. Credit Unions (Coöperatives.) (Exhibit "J") (1925 Laws), Pledges of Shares, and same as Industrial Banks	6% (12% rate on the average balance).	1½% Fines del. payments each 30 days
VI. Industrial Loan Companies. (Loans of less than $300.00) Co. maker notes. Bills of Sales on Personal Property. (Exhibit "K")	3½% to 21% (42% rate on unpaid bals.)	None. Forbidden by 1920 Law

EXHIBIT "C" (NOTE No. 1)

The Evasion of the Small Loan Law, Practiced by Certain Salary Buyers and Suggested Amendments to the Law Governing Sale of Wages.

The "Uniform Small Loan Law," Georgia Laws of 1920, page 215, declared Constitutional by the Georgia Supreme Court, Badger vs. State, 154 Go. 443 (114 S. E. p. 635), governs all loans of money or credit and now certain Georgia Lenders openly defy the law or pose as salary buyers under the Georgia Laws of 1904, page 79, Sections 3446-66 Ga. Code of 1910. Now, this latter law prohibits salary brokers, by severe penalties (McLamb v. Phillips, 34 pp. 219) (129 S. E. 57) from purchasing wages, at a greater rate of discount than the following:

$0.50	from $1.00	to	$5.00
0.70	from 5.00	to	10.00
1.00	from 10.00	to	20.00
1.50	from 20.00	to	35.00
2.00	from 35.00	to	60.00, etc.

Therefore, the offending Salary Buyers in order to get this discount each "pay day" while keeping up the pretense of wage purchasing, negotiates with his customers on a basis of a continuous line of credit, supported by renewal assignments as collateral security. Such an arrangement at the above rates,—such a maintenance of credit at such consecutive charges, has been denounced as usurious and unlawful money lending in evasion of small loan laws by the following Supreme Court decisions: Tennessee Finance Co. vs. Thompson, 278 Fed. 517; McWhite vs. Tennessee, 143 Tennessee 222; Brandt vs. Hall et al., 40 Indiana App. 651 (1907); Wilson vs. Fisher, 155 App. (N. Y.) Div. 877; Cotton vs. Cooper, 160 S. E. 135 (Texas); Davis vs. Finance Co., 160 Ga. 785 (129 S. E. 51); Flood vs. Empire Investment Co., 36 App. 266 (133 S. E. 60).

Such "Salary Buyers" (afraid of usury pleas) never sue for money "due and unpaid" which is the usual procedure in the Courts when money is owed. They allege a "conversion" of money "sold and not delivered." The outraged "wage earner" defendant (under proper pleadings) can usually recite to jurors many reasons why a "straight" sale of his wages was an impossibility. He relates a set of facts showing an agreement both—

1. To lend money, and

2. To deposite as "collateral" security an absolute deed to wages either

(a) Only partially earned or

(b) Not deliverable under the current wage contract.

The attorney for the "Salary Buyer" then presents the usual "amendment" alleging "fraud," but even if any **"deception** and **damage"** were provided (and it never is), the jurors repudiate the attempted use of the courts to accomplish "indirectly" by a "tort" suit what can not be accomplished "directly" on a **"contract"** suit.

Unfortunately, however, while jurors repudiate collection suits of salary buyers as being connected with usurious loans, only one salary buyer has ever been punished in Georgia in the Criminal Courts for usury under penalties of the "Small Loan" law. Grand jury indictments have been found legally defective in many cases. Cases have been hampered in reaching trial by dilatory tactics of defense counsel and obvious irregular methods to prevent conviction have been used by professional "jury" and "witness" fixers employed by loan shark defendants. To this date,—the protection in Georgia of "Freedom from Cross-Examination" given to criminal defendants, taken in connection with above facts, have left the usurious "Salary Buyer" immune from heavy penalty.

Not only is he immune, but he carefully practices a series of subtle "Black Mail" on thousands of his customers who happen to work for the larger corporations. These executives of the larger corporations have had (for many years) in effect, rules of employment passed to discourage the Salary Buying loan shark. Under these rules powers are delegated to subordinates to d i s c h a r g e employees whose wages (for any reason, improvidence or otherwise), are garnisheed on such claims. Such rules are directly antagonistic to the Georgia law which refrains from penalizing a borrower and places all penalties on usurious lenders. These corporate penalties have been in effect for thirty years and although rescinded by many corporations (see Bulletin No. 104 of the Southern Railroad) victims of loan sharks (employed by Railroads) fear the penalty of corporate officials more than the usurer fears the penalties of the State of Georgia.

It is strange, anomalous, but a fact, that the very hatred of the loan shark has established deeply rooted customs of employment that enable him to collect by "Black Mail" when there is no recourse in the Courts.

From the above, it is apparent that the evasion continues:

First.—On account of lack of law enforcement by Jurors in Criminal Courts.

Second.—On account of the nullifying deadlock produced by the conflicting

(A) Government Penalties.

(B) Corporation Penalties.

Before suggesting further Legislation to make punishment of this evasion easier and more mandatory, and less conflicting, the vices of the business from an economic and social standpoint may be pointed out as follows:

First.—The rates of interest amount to 240% per annum.

Second.—Loans are not amortized (re payable in installments) geared to income of borrower.

Third.—The security taken interfer with the relation of employer and em ployee.

Fourth.—Loans are seldom made fo remedial purposes,—(to refinance indeb edness, to prevent sickness, or irreparab loss),—and when so designed are to small in amount to effect such a purpos

Fifth.—The effect of the loan is gene ally to "overload" the customer wi credit.

Sixth.—Loans for family purposes ar made without the consent of the husban or wife.

Seventh.—The form of loan contra enables the lender to collect by allegin "fraud," or "conversion,"—getting judg ment in "tort," giving a preference against all other debts.

Eighth.—Licensees violating law do no lose the right to do business but contin to enjoy the protection and immuniti of the license.

With the above in view, considering th evil and the evasive practices, amen ments to the laws governing the Sales Wages and Salaries are suggested as fo lows:

FIRST:—The amendment of Chapt 12, Article 2, of the Civil Code of Georg 1910, by striking 3460 thereof, and sub stituting in lieu thereof, as follows:

Section 3460: **Usury, how considere and penalty therefor.** If any interes or charges in excess of those permitte by this act, shall be charged, contracte for or received, the contract of loan o assignment shall be null and void, and th licensee shall have no right to collect, re ceive, or recover, any principal, interes charges or moneys advanced whatsoeve Provided that assignments, taken as re newals of one or more previous assign ments, although in the form of absolu and unconditional sales of wages or sa ary shall be considered as security for loan of money.

SECOND:—The amendment of Cha ter XII, Article 2, of the Civil Code Georgia 1910, adding thereto a sectio 3453 (a) reading as follows:

3453 (a) **Notice of Assignment.** N assignments of or order for the payme or any salary or wages, earned or to b earned, for any purpose whatsoever sha be valid, unless in writing signed in pe son by the borrow is married, unless signed in person by bo husband and wife; provided that writte consent of a spouse shall not be require when both husband and wife have bee living separate and apart for a period at least five months prior to such assig ment. Provided further that before an notice or assignment or purchase wages or salary shall be binding upon an individual, firm or corporation to who said notice is directed, said notice sha be accompanied by a copy of the sale assignment verified by the assignee to b a true and correct copy thereof. Pro vided further that such assignee shall fi said notice within five days from the tim of execution thereof, and provided fu ther the contract of assignment shall b made in duplicate, one copy to be retain

y the assignor, and the other by the assignee.

THIRD:—The amendment of Chapter II, Article 2, of the Civil Code of eorgia of 1910 by striking Section 3463 ereof, and inserting in lieu thereof, a ection 3463 reading as follows:

Setcion 3463: **Revocation of License.** he licensing official shall upon notice to e licensee and reasonable opportunity to heard, revoke such license, if the linsee has violated any provisions of the t, and the final judgment, based upon a iry verdict of any Civil Court, invaliting any contract of a licensee for a olation of this Act, shall be conclusive idence of such violation and shall bind ch official to revoke such license.

EXHIBIT "C" (NOTE 2)

vasion of the Small Loan Laws in Georgia as Practiced by Guaranty Companies.

The "Uniform Small Loan Law" of the orgia Legislation of 1920, p. 215, is enled, "An Act to license and regulate the siness of making loans in sums of 00.00 or less, etc." Judge Beck, P. J., the Supreme Court of Georgia, on ril 11, 1929, for the Supreme Court afmed a decision of Judge Pomeroy, of e Fulton County Superior Court, holdg:

"The words, 'to license and regulate the business of making loans in sums of $300.00 or less,' etc., are broad enough to include the subject of making loans of credit." 146 S. E. Reporter, p. 000.

The guaranty companies, (see exhibit "F"), originated in Macon, Georgia. Their practice was to rent from the Southern Loan & Real Estate Corporation, for a given sum, per $1,000.00, a loan service to be maintained adjacent to their offices. Their practice was, and is, to solicit ten, twenty and thirty dollar loans from poorer persons (chiefly negroes), and endorse the notes of such persons for the consideration of $3.00 for each $10.00 credit. To secure this guaranty, or endorsement, bills of sale were taken entitling the guaranty company to the writ of bail trover, in the event, notes due to the Realty Company were not paid. At one time several thousand persons (chiefly negro women), were paying in order to escape the bail trover writ in the hands of guaranty companies 33% per month for renewal fees. The Guaranty Companies jailed several customers, and in this way struck fear into the hearts of this **class of borrowers.** At one time, until the Atlanta Junior Chamber of Commerce began enforcement of this law, these companies had loaned credit to perhaps $100,000.00, upon which they were realizing (approximately) $25,000.00 per month.

EXHIBIT "D"

nalysis (Approximate) Loan Balances, (estimated for 1900-1910) Available from Small Loan Companies Compared with the Population for the Years 1900-1910-1920-1929.

	Year			Jan. 1st
	1900	1910	1920	1929 (Note A)
LOAN SHARKS (Note A)				
A. Salary Buyers (pseudo)	$350,000	$1,500,000	$942,000	$380,000
B. Guaranty Companies	.....	.....	.....	50,000
C. General Companies	200,000	300,000	500,000	50,000
PAWN BROKERS				
A. General	50,000	125,000	150,000	100,000
B. Jewelry	100,000	200,000	300,000	600,000
INDUSTRIAL BANKS (Morris Plan)	None	None	300,000	1,600,000
COMMERCIAL BANKS (Personal Loan Depts.)	None	None	None	300,000
INDUSTRIAL LOAN CO'S.	None	None	300,000 (Note B)	1,900,000 (Note C)
CREDIT UNIONS	None	None	None	300,000
PROVIDENT LOAN SOCIETIES	None	None	None	None
TOTALS	750,000	2,200,000	2,567,000	5,400,000

	Year			
	1900	1910	1920	1929
PULATION (Metropolitan area)	98,000	185,000	240,000	350,000
t served by commercial banks	75,000	150,000	200,000	300,000

	Year			
	1900	1910	1920	1929
ERAGE PER CAPITA	$10.00	$14.66	$12.83	$18.00

Note A—Legislation in 1908, 1910 and 1913 probably accounts for reduction in credit by an Sharks since that time. It must be remembered that 1920 was a prosperous year in orgia and cash credit was not demanded as today.

Note B—These Companies were charging a 5% per month rate on unpaid balances—more n that being criminal. Customers did not avail themselves of civil defense for usury, being d to get such cheap money, as the first relief from Loan Sharks.

Note C—This money goes to the poorest people. It is estimated that 40,000 families depend gely on this fund for emergency loans.

EXHIBIT "E"

Atlanta Salary Buyers (1900-1929). (A partial list.)
(Companies—Actively Engaged in Business Are Capitalized.)

ker-Brannan & Co.
MERICAN FIN. CO.
nerican Purchasing Co.
RCHER INVEST. CO.
lanta Advance Co.
LANTA FIN. CO.
lanta Purchasing Co.
stell Trading Co.
lanta Watch & Loan Co.
T. BAKER & CO.
ack Invest. Co.
ston Trading Co.
Bristol Fin. Company.
BARNES INVEST. CO.
BLOCKER BROTHERS.
J. H. BENNETT.
Chestnut & Co., D. O.
CITIZENS FIN. CO.
City Fin. Company.
City Purchasing Co.
Clayton & Company.
Crown Invest. Co.
Cash Supply Company.
Cook Invest. Co.

(Continued on page 8.)

MISSOURI

The regular meeting of the Missouri Industrial Lenders Association was called to order by the chairman, Harry Palmer, in Parlor Room A of the Hotel Statler, on June 12, 1929, at 2 p. m.

The minutes of the meeting held January 10, 1929, at Sedalia were read by the Secretary.

Upon motion made by Mr. Hallowell and seconded by Mr. Lichtenstein, minutes of the meeting were approved.

Mr. Cleveland, sergeant-at-arms, was requested to secure name and address of each attending meeting and present same to secretary.

There were fifty-two present, all representing member companies. Those present were as follows: F. C. Hallowell, Beneficial Operating Bureau; Charles R. Napier, Chicago, Ill.; Hugh F. Reilley, Kansas City, Mo.; B. E. Henderson, Chicago, Ill.; Nathan Albrecht, Chicago, Ill.; J. A. Thompson, Des Moines, Ia.; D. L. Barnes, Springfield, Ill.; George P. Fleming, Springfield, Mo.; Ellis I. Levitt, Des Moines, Ia.; D. R. Reynolds, Indianapolis, Ind.; Kenneth K. Kirkland, Flat River, Mo.; Forest R. Nichols, Springfield, Mo.; Joseph C. Berry, Kansas City, Mo.; J. F. Briscoe, Hannibal, Mo.; F. W. Lyman, Jefferson City; H. W. Krasne, Kansas City, Mo.; H. G. Evans, Kansas City, Mo.; J. M. Perry, Moberly, Mo.; W. H. Martin, Hannibal, Mo.; H. B. Herbert, Hannibal, Mo.; David Lichtenstein, St. Louis, Mo.; H. L. Rogers, Springfield, Mo.; August Delaney, Edina, Mo.; Weldon Davis, Edina, Mo.; T. M. Kauffman, Indianapolis, Ind.; T. P. Splider, St. Louis; George A. Luttner, St. Louis; William Steiner, St. Louis; Roy F. Harts, St. Louis; Ray Jenson, St. Louis; L. W. Newman, St. Louis; M. Fitzgibbon, St. Louis; C. C. Campbell, St. Louis; C. H. Yahlem, St. Louis; W. C. Lee, St. Louis; A. J. Lee, St. Louis; M. S. Shinnanman, St. Louis; S. W. Ankney, St. Louis; J. Z. Simmo, St. Louis; M. Gerst, St. Louis; W. A. Brophy, St. Louis; A. J. Anderson, St. Louis; W. T. Petty, St. Louis; W. R. Holmes, St. Louis; C. E. Clift, St. Louis; Arthur H. Werner, St. Louis; E. T. Reel, St. Louis; E. L. Cleveland, St. Louis; J. H. Pollach, St. Louis; T. H. Margolis, St. Louis.

The report of the treasurer was read. It showed all bills paid.

Mr. Lichtenstein gave his forethought on the evening banquet, stating that all officers should be present including their personnel so as to give them all an inspiration of the loan business and its activities.

Mr. Lichtenstein read aloud a letter of the Attorney-General relative to Section 13, said letter is as follows:

DEAR MR. CANTLEY:

Your inquiry relative to the subject stated above at hand.

A careful reading of Section 13 of the Small Loan Act does not, in our opinion, reveal a purpose on the part of the Legislature to prohibit the right, by contract, to place the cost of foreclosure of a chattel lien upon the mortgagor, neither does its language expressly prohibit such contract.

The words of that Section,—"no further or other charge or amount whatsoever for any examination, service, brokerage, commission or other thing or

(Continued on page 8.)

SUBSTITUTES FOR LOAN SHARKS

EXHIBIT "E"—*(Continued from page 7.)*

COOPER BATCHELOR CO.
Dollar Supply Co.
DURHAM, INC.
Edgewood Fin. Co.
Empire Invest. Co.
Fair & Bird.
FEDERAL INVEST. CO.
Fidelity Investment Co.
FULTON BROKERAGE CO.
FULTON FIN. CO.
FULTON PURCHASING CO.
GENERAL INVEST. CO.
Gay Invest. Co.
Ga. Ala. Finance Co.
Ga. Discount Co.
GEORGIA INVEST. CO.
Grady Finance Co.
GRANT TRADING CO.
Green Invest. Co.
Hall & Company.
HENRY COMPANY.
Hopkins Invest. Co.
Hughes & Edwards.
Hall Invest. Co.
HUDSON TRADING CO.
Inman Fin. Company.
Industrial Fin. Co.
JACKSON, P. P.
JONES INVEST. CO.
Kash Supply Co.
Kemp & Park.
King Brothers.
King Invest. Co.
LAMAR INVEST. CO.
Lake Investment Co.
Lee Purchasing Co.
LONE SUPPLY CO.
LAWRENCE INVEST. CO.
Miller Invest. Co.
McClung, R. P.
NATIONAL FIN. CO.
PATTERSON, J. A.
Phenix Invest. Co.
Pryor Discount Co.
PARIS T. N. & CO.
SALARY INVEST. CO.
Stewart & Humphries.
SOUTHERN PURCHASING CO.
SOUTHERN FIN. CO.
Silver Dollar Sup. Co.
Trout Invest. Co.
UNION INVEST. CO.
United Fin. Corp.
WALL & COMPANY.
WILLIAMS PUR. CO.
WINDSOR FIN. CO.
Walton Disct. Co.
Williams Invest. Co.

NOTE:—Only 83 Companies are listed as having been licensed. It is probable that (counting individuals) over 1,000 persons have engaged in this business from time to time. No individuals (unlicensed) now operate. Only approximately 34 Companies operate. Capital has been reduced in nine years from (1900) $942,000 to (1929) $387,000 (and rates by 50%.)

EXHIBIT "F"

Loan Endorsers, Atlanta, Georgia

1. Mutual Guaranty Company ..... 6½ So. Broad Street
2. The Harris Company ..... 29½ Marietta Street
3. T. C. Robertson & Son ..... Thrower Building
4. Perry Guaranty Company ..... Thrower Building
5. Gate City Guaranty Company ..... 71½ So. Broad Street
6. The Atlanta Guaranty Company ..... 111½ Whitehall Street
7. J. L. Morgan Company ..... Gould Building

NOTE:—The above Companies sell or lend the Guaranty or endorsement to Companies who profess to receive only 8% for the money advanced. These have been affiliated with, and operating with, the following Corporations, Agencies or Companies.

1. The Southern Loan & Real Estate Corporation.
2. The Industrial Credit Corporation.
3. Lawrence B. Cleveland.
4. The Southern Brokerage Corporation.
5. The Birmingham & Real Estate Corporation.

EXHIBIT "G"

Pawn Brokers

Names	*Addresses*
1. Abelson, Abe	224 Marietta Street, N. W., Atlanta, Ga.
2. Blumberg, Reuben A.	227 Mitchell Street, S. W., Atlanta, Ga.
3. Capital City Loan Co.,	32 Decatur Street, N. W., Atlanta, Ga.
4. Clein, Benj.	38 Decatur Street, N. W., Atlanta, Ga.
5. Citizens Loan Association	195 Mitchell Street, S. W., Atlanta, Ga.
6. Clein & Rosenberg	112 Decatur Street, S. E., Atlanta, Ga.
7. Dixie Loan Office	44 Decatur Street, S. W., Atlanta, Ga.
8. Eplan, Solomon B.	30 Decatur Street, S. E., Atlanta, Ga.
9. Eplan & Company	18 Decatur Street, S. W., Atlanta, Ga.
10. Finkelstein, Jos.	301 Peters Street, S. W., Atlanta, Ga.
11. Fox Loan Association	22 Decatur Street, S. W., Atlanta, Ga.
12. Friedman, Arron	148 Decatur Street, S. E., Atlanta, Ga.
13. Friedman, Simon	262 Peters Street, S. W., Atlanta, Ga.
14. Gate City Loan Office	52 Decatur Street, S. W., Atlanta, Ga.
15. Green Loan Association	8 Decatur Street, S. W., Atlanta, Ga.
16. Kessler, Max	243 Peters Street, S. W., Atlanta, Ga.
17. Miller, Mannuel M.	182 Decatur Street, S. E., Atlanta, Ga.
18. National Loan Office	76 Decatur Street, S. E., Atlanta, Ga.
19. North Side Loan Office	161 Edgewood Ave., S. E., Atlanta, Ga.
20. Pfeffer, Harry	140 Decatur Street, S. E., Atlanta, Ga.
21. Security Loan Office	58 Decatur Street, S. E., Atlanta, Ga.
22. Shainker, Barnett F.	144 Decatur Street, S. E., Atlanta, Ga.
23. United Loan Association	12 Decatur Street, S. W., Atlanta, Ga.
24. Warshaw, Harry	80 Decatur Street, S. E., Atlanta, Ga.
25. Weiner, Jos.	311 Peters Street, S. E., Atlanta, Ga.
26. Wolf, Benj.	34 Decatur Street, S. W., Atlanta, Ga.

NOTE.—The following Companies lend chiefly on jewelry:

Jefferson Loan Society.
Provident Loan Company.
May Brothers.
Nat Kaiser.
W. M. Lewis.
B. Klein.
Citizens Loan Co.

(Concluded on page 9.)

(Continued from page 7.)

otherwise," refer to things preliminary to the making of a loan, and are things for which lenders of the past would make pretended charges when in fact they were but a means adopted by such lenders to evade the usury laws of the state. The section does away with all such charges or pretended charges. The clause "or other things or otherwise," is a sweeping clause following specific matters. Such clauses are construed to refer to other like matters or things to those specified.

Agreements in mortgages requiring the mortgagor to bear the cost of foreclosure proceedings, pertain more to the security to be given. In case of default and foreclosure, if the sale is for less than the amount of the debt secured the deficiency is greater by an amount equal to the cost of foreclosure. This deficiency is recoverable against the mortgagor. Or if the sale brought an amount equal to the debt alone, the debt would be entirely paid, if no agreement existed making the mortgagor liable for the costs of the sale, although the mortgagee was required to pay foreclosure costs equal to the proceeds of the sale. For these reasons foreclosure cannot be said to be a charge for the use of forbearance of money or property.

Mr. Hallowell of the Beneficial Operating Bureau made a motion that each member of the Association pledge themselves that they will each secure a new member for the M. I. I. A. by December 1, 1929. Motion seconded by Mr. Delaney, put to a vote was carried.

The executive committee recommended that the State association hire a public relations man, who shall contact all lenders and have them join well-known outstanding civic and charitable organizations, and see that they became acquainted and understand our business. Mr. Lichtenstein, Mr. Delaney, Mr. Osborn, and Mr. Kauffman spoke in favor of the resolution. There was considerable opposition to same, led by Mr. Hallowell of the Beneficial Operating Bureau. Upon motion made by Mr. Lichtenstein and seconded by Mr. Steiner that said resolution be passed, same being put to a vote was carried.

L. K. Osborn of Ohio, gave a lengthy talk on contacting each lender for their membership in the M. I. L. A. in order to secure every licensee in the State of Missouri to be a member of the Association in raising the dues of $1.00 per thousand in order to have a sufficient amount on hand at all times to meet all necessary and unforeseen expenses.

Upon motion made by Mr. Lichtenstein and seconded by Mr. Reilly that the Association appoint the lawyer for the State Association to draft a set of papers and submit to the Commissioner for approval, same being put to a vote which carried.

The Committee passed a resolution that it is unwise that the lenders make loans beyond the twenty-month period, and that the Association go on record that they will not advertise more than twenty months. Upon motion made by Mr. Margolis that said resolution be adopted, motion seconded by Mr. Steiner, same being put to a vote which carried.

The chairman appointed a nominating committee consisting of Roy Hart chairman, Tom Slider and Mr. Levit. the chairman then ordered a recess. After the recess the nominating committee was called on for their report and

Mr. Hartz advised that the committee made the following report: Hugh F. Reilley, president; David Lichtenstein, first vice-president; Robert Hughes, secretary; and Thomas H. Margolis, treasurer; and the Executive Committee consisting of F. C. Hallowell, St. Louis; J. W. Perry, St. Louis; C. L. Pine, of Iowa; B. E. Henderson, of Chicago, and F. Kauffman, St. Louis.

Upon motion by Mr. Hallowell of the Beneficial Operating Bureau, seconded by Mr. Clift, that the proposed slate of officers all be put in nomination, there being no further nominations said motion carried.

Upon motion made by F. C. Hallowell, seconded by Mr. Hartz that secretary cast ballot of the members for the said officers, this motion being put to a vote was carried and chairman announced the election of new officers.

Mr. Hallowell of the Beneficial Operating Bureau made a motion that Mr. Palmer, retiring president be given a rising vote of thanks for his past services, as chairman of the Association, motion was seconded by Mr. Clift. Same being received by acclaimation.

As no further business, the meeting was adjourned to 7:30 p. m., dinner in the main dining room of the Hotel Statler. There were 152 present at the dinner, who enjoyed talks from Mr. Napier, of Chicago, and O. T. Remmers of St. Louis. Throughout the banquet everyone was entertained by F. G. Spahn and accompanied on the piano by Mr. Williams, enjoyed a number of humerous songs and everyone going in on the chorus. Entertainment followed by a dance of Mr. Freda Russel of St. Louis.

Mr. Spahn and accompanist, Miss Williams, gave his interpretation of "On the Road to Mandalay" which was roundly applauded.

Miss Lung of St. Louis, entertained everyone by singing "My Man."

Miss Russel of St. Louis, presented us all with a dance accompanied at the piano by Miss Lung, playing "Rainbow Around My Shoulder."

Mr. Spahn, accompanied by Miss Williams, sang the "Desert Song," which was given a loud applause.

Mr. Spahn had the ladies sing to the men a little ditty entitled "My Hero." In response the men gave the ladies a treat and sang "Moonlight and Roses," followed by the song entitled "Smiles," which everyone sang with gusto.

Col Lichtenstein presided at the banquet introducing all newly elected officers.

O. T. Remmers, President of Board of Election Commission gave a very interesting talk on selling yourself to the public.

Mr. Napier of Chicago, gave a lengthy and very interesting talk on the Small Loan business and the large banking institutions making loans to necessitarius borrowers on time payments.

Mr. Remmers being unfamiliar with the Small Loan business made some interesting remarks relative to loan business advertising which should be helpful to every lender.

Mr. Lichtenstein made a motion that the meeting adjourn, same being put to a vote was carried.

There was a dance for the young and old, which all enjoyed after which the meeting was brought to a close.

H. J. Zerbst, *Secretary.*

(Concluded from page 8.)

Exhibit "H"

The Atlanta & Lowry National Bank (Personal Loan Department)

Exhibit "I"

Industrial Banks

Names	*Addresses*
The Morris Plan Company	42 Pryor Street, N. E., Atlanta, Ga.
The Mechanics Loan & Savings Co.	Pryor Street, N. E., Atlanta, Ga.
The Southern Savings & Investment Co.	Atlanta Trust Co. Bldg., Atlanta, Ga.
Peoples Loan & Savings Co.	Peachtree Arcade Bldg., Atlanta, Ga.
The Hartsfield Loan Company	Peachtree Arcade Bldg., Atlanta, Ga.
Quaker Savings Association	Atlanta National Bank Bldg., Atlanta, Ga.
The Trustees Loan & Savings Co.	Peachtree Arcade Bldg., Atlanta, Ga.

Exhibit "J"

Credit Unions Operating in Atlanta, Georgia, May 4, 1929.

Name, Membership, Affiliation and Address. (Atlanta Unless otherwise Indicated.)

1. Apaco Credit Union (Atlanta Paper Co.) 225 Moore Street, S. E.
2. AB & A Railway Employees (AB & C Railway) Room 208, 26 Cain St., N. W.
3. Atlanta City Employees C. U. (City of Atlanta) City Hall.
4. Atlanta Journal Employees C. U. (Atlanta Journal Pub. Co.).
5. Atlanta Lodge No. 1, I. A. & M. U., 91 Trinity Ave.
6. Atlanta Lodge 522 B. of R. C. U. (Lodge 522 B O G R C & Fam) Rhodes Bldg.
7. Atlanta Postal Credit Union (Atlanta Post Office) 242 P. O. Bldg.
8. Atlanta Pub. School Teachers C. U., 530 P. O. Bldg.
9. Atlanta Rlwy Postal Clerks C. U. (Mems. RMS Paid from Atl) 530 P. O. Bldg.
10. Atlanta W. U. Employees C. U., 216 W. U. Bldg.
11. Atlanta Steel Credit Union (Atlantic Steel Co.).
12. Circle "W" Credit Union (Westinghouse Elec. & Mfg. Co.).
13. Electrical Workers C. U. (Locals 48 & 613) 91 Trinity Ave.
14. Exposition Cotton Mills C. U. (Exposition Cotton Mills).
15. Fulton Lodge 204 B. of R. C. (Amer. So. Eastern Ex. Co.) 412 Rhodes Bldg.
16. Georgian-Amer. Credit Union (The Georgian Co.) 80 Marietta St.
17. GA.-W.P. Gen. Office C. U. (Gen. offices A. & W. P. Railroad).
18. Georgia Lodge No. 1028 R. C. (Georgia Lodge No. 102 & Fam) 86 Central Ave.
19. McAdoo Lodge No. 956 (Mem. McAdoo Lodge No. 956 and Fam.) 86 Central Avenue.
20. Public Service Credit U. (Ga. Power Co.) Gas Bldg., Marietta St.
21. Red Seal Credit Union (J. K. Orr Employees) 16 Yonge Street.
22. Right Way Credit Union (C. of Ga. Rlwy.) 181 Alabama St., S. W.
23. Ruralist Credit Company (Southern Ruralist Co.).
24. Southeastern Express Co. (Southeastern Ex. Co.) 50 Pryor Street, N. E.
25. S. A. L. Employees C. U. (S. A. L. R. R.) R F. D. No. 5, Box 473
26. The Statehouse Employees C. U., State Capitol.
27. Unionists Credit Union (Local Unions, Mem. Fed. of T.) 91 Trinity Ave. S. W.
28. W. & A. Credit Union (N. C. & St. L. Railroad) Hills Park.
29. The Thrift Credit Union (Cen. Office Employees) Mitchell & Spring Sts. of the So. Rlyw. Southern Rlwy. Bldg.
30. The Atlanta Casket Co. C. U., Elliott Street.
31. The Jacobs Credit Union (Jacobs Drug Co.) 6-8 Marietta Street.
32. The A. F. D. Credit Union (Atlanta Fire Department) DeKalb & Moreland Avenue).
33. The Atlanta Legion Credit Union (The Amer. Legion) Bolling Jones Bldg.
34. The S. R. T. Credit Union (B. R. T. No. 302) Marietta Street.

Exhibit "K"

Industrial Loan Companies in Atlanta.

Names	*Addresses*
1. Boone and Moore	506 Thrower Building, Atlanta, Ga.
2. Beneficial Loan Society	228 Candler Building, Atlanta, Ga.
3. American Discount Company	203 Spring Street, Atlanta, Ga.
4. Adams, T. C.	927 Candler Building, Atlanta, Ga.
5. American Security Company	300-301 Forsyth Bldg., Atlanta, Ga.
6. City Investment Company	517-518 Atlanta Trust Co. Bldg., Atlanta, Ga.
7. Fulton Industrial Corp.	608 Atlanta Nat'l Bank Bldg., Atlanta, Ga.
8. Fidelity Investment Co.	805 Ga. Savings Bank Bldg., Atlanta, Ga.
9. Georgia Finance Corp.	258 Candler Annex, Atlanta, Ga.
10. Georgia Cash Credit Corp.	208 Palmer Building, Atlanta, Ga.
11. Hartsfield Company	235-237-239 Peachtree Arcade, Atlanta, Ga.
12. Household Finance Corp.	84 Peachtree Street, Atlanta, Ga.
13. Household Finance Corp.	208 Atlanta Nat'l Bank Bldg., Atlanta, Ga.
14. Seaboard Security Company	250 Peachtree Arcade, Atlanta, Ga.
15. Southland Loan & Invest. Co.	Popular Street, S. W., Atlanta, Ga.
16. Stone Mountain Loan Co.	203-204 American Savings Bank Bldg., City
17. Southern Security Company	204 Peachtree Arcade, Atlanta, Ga.
18. Security Industrial Corp.	301 Peters Building, Atlanta, Ga.
19. S. B. LaSalle	428 Thrower Building, Atlanta, Ga.
20. Southern Invest. Company	700 101 Marietta Street, Atlanta, Ga.
21. Southern & Postal Finance Co.	250 Auburn Ave., Atlanta, Ga.
22. The Master Loan Service, Inc.	212 Healey Bldg., Atlanta, Ga.
23. Thompson Loan Society, Inc.	312-313 Atlanta Trust Co. Bldg., Atlanta, Ga.
24. United Securities Corp. trading as United Small Loan Corp.	30 Peachtree Arcade Bldg., Atlanta, Ga.

Governor Signs Bill Specifically Defining "Salary Buying" as Money Lending

Victory Seen by Better Business Bureau in Signing of Bill Restricting Activities of "Salary Buying" Loan Sharks

On May 31, 1929, Governor Henry S. Caulfield, at Jefferson City, Missouri, signed the Ballew Bill, which among other things classifies "salary buying" as the lending of money and places a ban on assignments of unearned wages. These and other amendments to the Small Loan Law become effective August 27, 1929.

The campaign of the Better Business Bureau against illegal lending, including so-called "salary buying" as practiced in St. Louis, has been one of the most aggressive, hard fought and most opposed campaigns in which the Better Business Bureau has ever engaged. The signing of the bill by Governor Caulfield regulating the activities of "salary buyers" in Missouri, is quite a victory for the Better Business Bureau and those other agencies who have coöperated in this campaign. The signing of this bill puts an end to the predatory practices of so-called "salary buyers" operating in this territory. No longer will they be able to exact the outrageous interest charges of 240% and up on loans made to needy borrowers.

Bureau Active

The Better Business Bureau has, for the past few years, been devoting considerable time and effort toward educating the borrowing public as to their rights under existing Missouri statutes, pertaining to the loaning of money. Now that the conscienceless practice of "salary buying" is to be regulated, and placed under the supervision of the department of Finance for the State of Missouri, the Better Business Bureau has determined to continue its aggressiveness, so that the employee borrower and the employer of labor will become thoroughly familiar with the provisions of the new law, thereby placing a greater obstacle in the path of any "salary buying" lender who attempts to evade the laws regulating the practice of money lending.

The language of the bill affecting assignments of wages (salary buying) is as follows:

"The payment of $300.00 or less in money, credit, goods or things in action, as consideration for any sale, assignment or order for the payment of wages, salaries, commission or other compensation for services, shall be deemed a loan within the provision of this act, to be secured by such assignment or order, and the amount by which the compensation so sold, assigned or ordered paid, exceeds the amount of the consideration actually paid therefore, shall be deemed interest within the meaning and purpose of this act upon such loan from the time of such payment to the date such compensation is payable. Such loan and such sale or assignment of, or order for the payment of wages, salary, commission or other compensation for services shall be governed by and be subject to the provisions and limitations of this act."

"Salary buying" as practiced in St. Louis has been nothing more than the lending of money at the usurious and unlawful rates of 240 per cent and up. But it took proof to show that the written forms used by the lenders were only cloaks and disguises to conceal the actual transactions. It required skilled lawyers to represent and protect the borrowers in such cases, but the Ballew Bill puts it down in black and white that the purchases of wages or salaries shall be deemed a loan, and that said loan shall be governed by the provisions of the Small Loan Act. The law is now so plain that litigants, lawyers, justices of the peace and all others may understand clearly that usurious money lending in Missouri cannot be carried on under the guise of "salary buying." It should not be so easy for self-styled "salary buyers" to readily obtain judgments against their victims when suit is filed on what any man, possessed of common reasoning ability, would call a usurious contract.

The Better Business Bureau feels that a complete victory has been won by this legislation covering "salary buying." This does not mean, though, that the Bureau's aggressiveness in this field will be diminished. There are still some high rate lenders, other than those in the "salary buying" class, who have been "getting by" with their high rate lending. Those in this group will be dealt with accordingly.

In another article in this bulletin, reference is made to the indictments against nine loan sharks returned by a Grand Jury in East St. Louis, Illinois. These indictments were returned on May 17, 1929, and are a direct indication of the continuance of this Bureau's campaign against illegal money lending.—*St. Louis Better Business Bureau Bulletin, 6-17-29.*

NEW HAMPSHIRE

The regular meeting of the New Hampshire Industrial Lenders Association was held at the Carpenter Hotel, Manchester, N. H., on Wednesday, June 5th at 6:30 p. m.

Present: F. A. Brodeur, Hertel F. Pariseau, R. M. Robichaud, A. J. Rouillard of the American Loan Company, Manchester, N. H.; R. W. Garland of the Clark Loan Co. of Manchester; R. A. Kellaway, L. L. Cummings of the Personal Finance Co. of Portsmouth; H. A. Rouillard, E. M. Raymond, J. K. Casper of the Personal Finance Company of Nashua; E. R. Ackerson, M. G. Anderson, D. M. Potts of the Personal Finance Co. of Concord and F. A. Reed and A. G. Zimmerman of New York City.

Minutes of the last meeting were read, approved and ordered placed on file.

The following officers were elected for the ensuing year: Chairman, H. A. Rouillard; Treasurer, R. W. Garland; Secretary, F. A. Brodeur.

Executive Committee: Messrs. Reed, Garland, Rouillard and Brodeur.

Membership Committee: Messrs. Kellaway, Rouillard, Ackerson, Garland and Brodeur.

Legislative Committee: Messrs. Zimmerman and Garland.

Vigilance Committee: Messrs. Garland and Brodeur.

A. G. Zimmerman was elected to act as delegate to the New Hampshire Industrial Lenders Association at the American Lenders Association which will be held in Philadelphia on September 18th, 19th and 20th. If Mr. Zimmerman cannot attend he will appoint an alternate in his stead.

Resolved, that Treasurer Garland and Secretary Brodeur are authorized to draw funds from the Treasury to meet current expenses and that a resolution be filed with the Amoskeag Savings Bank authorizing these two officers to draw funds on the account.

Chairman Reed of the Vigilance Committee reported that no violations had been brought to the attention of the Association and reported progress.

The Auditing Committee reported that the accounts of the Association were in balance.

A motion was made and duly seconded

LOAN OFFICES WANTED

A consolidation of independent loan offices is proposed in Pennsylvania and New Jersey.

Will purchase for cash and retain present management.

Reply in absolute confidence.

"D" Box 778,

Industrial Lenders News **Harrisburg, Pa.**

e the annual banquet in the early
f October and that the chairman
appoint the necessary committees
dle the function.
chairman appointed every member
Association on the Membership
ttee and requested that the fol-
companies be contacted:
Loan Company of Manchester,
auls, manager; Deryfield Loan
ny of Manchester; Merrimac
Company of Concord, Mr. Schraff,
r; Nashua Loan Company,
, Mr. Slawsby, manager; Fam-
an Company of Nashua.
these companies represented
licensee in the state will be a
of the Association.
e being no further business, on
made, the meeting adjourned.

F. A. Brodeur,
Secretary.

MUELLER FLIES WITH ARENCE CHAMBERLAIN

Charles G. Mueller, President of
nity Finance Service, Inc., was
a party to fly with Clarence D.
rlain, trans-Atlantic flier, from
York to Milwaukee, Wis. The
as made up to attend the Kiwanis
tional Convention.
illustrates the modern mode of
and will encourage many of the
s to the 15th Annual Convention
A. I. L. A. to come to Philadelphia

CREDIT UNIONS AND THE SMALL LOANS LAW

Roy Bergengren, Executive Secretary, Credit Union National Extension Bureau, has the following comment in the April-May, 1929, issue of *The Bridge*, official organ of the Bureau:

The Uniform Small Loans Law

There has been much legislation enacted or attempted during recent months, purposed to enact, amend, restrict or repeal the socalled Uniform Small Loans Law in several States. Our recollection is that this law is operative in eighteen states authorizing a maximum rate of 42% per annum on loans of $300 and less and operative in six additional states with the limitation placed at 36%.

The theory of this law is that the rate —36 to 42%—is the minimum at which the private lender can operate at a fair profit—and everyone interested in the small loans problem, licensed lenders, credit unionists, social workers, industrialists and everyone else agrees that the socalled salary buyer should be legislated out of existence and that the lender who will not conform with the law is an out-and-out loan shark and should be eliminated. There is no doubt but what the unlicensed lender—the private money lender operating in one guise or another outside the law—operates at rates which make 42% seem low by comparison, and we have always felt that the Uniform Small Loans Law, while necessarily not much more than a temporary alleviative for a social evil which has persisted for centuries and which can only be eventually eliminated by some agency which will bring credit at bank rates to the masses of the people, is a good law at this stage of progress in the solution of this problem. *We have been very careful in our legislative work not to oppose the Uniform Law nor to work counter to those who were espousing it.*

During the campaigns we have heard vague rumors here and there that those favoring the Uniform Small Loans Law, in Ohio and in some other States, have opposed credit union legislation. We appreciate that the Uniform Small Loans Law would have but little chance anywhere were it not sponsored by the Russell Sage Foundation. We have too great faith in the honesty of purpose of the Foundation and the high purposes which inspire Mr. Leon Henderson, in charge of the Division of Remedial Loans, to give credence to any such rumors.

A. I. L. A. HELPS

MacIntosh Ellis, who has undertaken the promotion of an industrial lending enterprise in Sydney, Australia, in a recent letter writes:

"I have been helped very much indeed by the careful attention to various publications that have been issued by your Association and also through discussion with some of your advertisers."

A COMPLETE SERVICE

Meilicke Calculators

Shipped on thirty days free trial. Calculators, Time Finders and Pocket Calculators. Also replacement cards for your calculators.

McCullough Newspaper Advertising Service

64 newspaper advertisements in mat form—with special art work and copy—for only $30.00.

Circulars, Mailing Pieces, etc.

We plan campaigns complete. Real advertising agency service for the cost of printing only. Send for samples.

McCULLOUGH PRINTING COMPANY, INC.
MURPHY BUILDING
INDIANAPOLIS, U. S. A.

East St. Louis Grand Jury Indicts Loan Sharks

Judge Silas Cook Gave Special Instructions to Body on "Salary Buyers" and High Rate Le With Good Results

On May 17, 1929, the East St. Louis Grand Jury for the May term, in Judge Silas Cook's Court, returned indictments against nine (9) persons operating loan companies without taking out licenses from the State of Illinois.

The indicted lenders are:

Samuel E. Sell and R. L. Colgan, operating American Finance Company, Arcade Bldg., and Illinois Finance Company, 225 Collinsville Ave.

Elmer Hill and Eddie Burke, operating as East St. Louis Purchasing Co., formerly East St. Louis Finance Co., 322½ Broadway.

H. J. McGowan, operating McGowan Trading Co., 222a Collinsville Ave.

Paul Keith, operating Meadows Brokerage Co., 16 Vogel Bldg.

W. E. Jackson, operating Burke Purchasing Company, 318a Missouri Ave.

O. P. Harcourt, operating Employee's Service Company, 15 Arcade Bldg.

Catherine M. Bowe, operating under her own name at 535 Murphy Bldg., all of East St. Louis, Illinois.

Samuel E. Sell is also the owner of the American Brokerage Company, 611 Equitable Bldg., St. Louis, Mo., and this concern, in its usurious operations, has brought many victims to the Bureau offices. Up to this writing he has not yet surrendered on the East St. Louis indictment, all other defendants being under $1,000 bonds each. Mr. Sell is a resident of Missouri.

Bureau Furnished Facts

The St. Louis Better Business Bureau was able to furnish the names and addresses of witnesses who had complained of usurious loans when, with the coöperation of Mr. H. Grady Vien, attorney of the East St. Louis Junior Chamber of Commerce, Mr. Ross Bowles of the East Side Employers Assn., and Mr. Leslie Forman, Manager of the East St. Louis Chamber of Commerce, a grand jury investigation became possible. Another who is coöperating in the East St. Louis situation is James J. Hickey, an attorney with offices in East St. Louis. Following a conference with Attorney Hickey, he advised Better Business Bureau representatives that in any cases where the employee victims of loan sharks come to his attention, and are in need of legal counsel on a charitable basis, he will be glad to advise them of their rights.

These indictments are just another step in the progress of the loan shark campaign of the Bureau, and are indicative of other developments which may be anticipated from time to time.

The prosecution of these cases will be handled by Mr. John Thomas, Assistant States Attorney of Belleville, Ill., in the Court at East St. Louis, Ill., and trials will be set for dates during this month. The charges in the indictments are identical in that the persons indicted are charged with operating without a license under the Small Loan Law of Illinois, and making loans in excess of the rates in the general usury statutes of the State.

More Complaints Filed

Victims of these operators desiring to do so may submit their complaints direct to Mr. Thomas, or to this Bureau for transmission to the States Att There appear to be a considerable ber of additional loan companies in St. Louis operating without license the State. Complaints are on file the Bureau now against some of Just as soon as we can get around action will be requested in these

Step by step and day by day, the of battle are closing in on the " buyers" and other high rate le Some of those whose names are above carry on their illegal activitie in East St. Louis and St. Louis. activities of those operating here Louis are being very carefully w by the Better Business Bureau. actions have been very cleverly gu but the Bureau has learned from experience in dealing with illegal ators in various lines, that eventua law violators make the fatal move enables the law enforcing agenc take definite action to eliminate th lawry.

This Bureau is confident that by ing this matter before the employe rower, so that he knows of his these illegal operators will, in thei perate efforts to get business, mak fatal move.

If any illegal money lender think one moment that because the legis has adjourned this Bureau is th with its campaign, they have a surprise in store for them. Our a siveness will continue.—*St. Louis Business Bureau Bulletin, 6-17-29.*

THE OUTING

A day of ideal weather and an environment of utmost charm added significance to enjoyment of the annual meeting and outing of the N. J. I. L. A., attended by about two hundred members, their wives and guests.

Green Gables, a secluded inn on Pleasure Bay, North Long Branch, seemed to give its best in green fields, sparkling ocean and blue sky for the occasion. In such a setting Mr. Rudloff, Chairman of Entertainment, plied a cunning hand in arranging a program that, aside from the morning business session, was given over entirely to recreation of a most varied and diverting sort.

Even as the business meeting was under way, the ladies of the party were enjoying a cruise on sunlit Pleasure Bay. With their return, and adjournment of the business session, luncheon was served on long, snowy-white tables arranged in the open overlooking the bay.

Comes the afternoon and its athletic events. A spirited baseball game, quoit-pitching and handicap races held sway over the men, while the ladies played bridge.

About midafternoon a huge bonfire was observed on the beach. Excited inquiry on the part of the writer elicited the information that here was the first gesture in the joyful ceremony of a clambake around which the assembled host was to revel later in the day.

Giving solemn attention to the procedure, the bonfire was seen to burn itself out. The embers were brushed aside revealing a pile of gleaming hot stones on what had been the base of the pyre. On these hissing hot stones a layer of seaweed was spread. What seemed to be bushels of clams followed as a second layer. Now more seaweed is spread atop the clams, followed by a layer of delicious-looking white fish. Again the layer of seaweed, and now a spread of succulent lobsters follows. On top of all more seaweed is heaped, a tarpaulin is spread over all, and nature left to take its course.

Six-thirty o'clock comes around and the dinner call is sounded—the signal for attack on the gustatory pyre. Readers who have attended a clam-bake know the rest—for others there is no imagining the qualities of this Lucullan feast.

One must mention the music and dancing as trimmings of the big feature. And then, that at ten-thirty when the last tired reveller rolled away, friend Rudloff received the final assurance of his being the most popular and acclaimed member of the N. J. I. L. A.

J. Gay Seabourne,
Secretary.

NEW JERSEY

The annual meeting of the New Industrial Lenders Association, wa at Green Gables, Pleasure Bay, Branch, New Jersey, June 6, 192

The meeting was called to ord President A. E. Montgomery, at a. m.

Noting the presence in the au of A. V. Hart, Philadelphia, Pa., man of the Pennsylvania Ind Lenders Association, and our gue the day, Mr. Montgomery sum him to the front and introduced h the Association members. Mr. Har graciously acknowledged the me greeting, and spoke briefly about t proaching convention of the Am Industrial Lenders Association to b in Philadelphia in September, and Mr. Hart and his associates of the sylvania Association are acting as

Roll Call: The following membe swered present to the roll call c secretary:

Offices of Equitable Loan So Elizabeth, Jersey City, Newark.

Offices of Beneficial Loan So Camden, Newark, Plainfield, Eliz Orange, Trenton, Jersey City, Pat Union City.

Offices of Community Finance ice, Inc.; Elizabeth, Camden, City, Newark, Atlantic City, Tren

ffices of Conservative Credit System, : Newark, Orange, Passaic.
ffices of Consolidated Plan of New ey, Inc.: Newark, Paterson, Perth oy, New Brunswick.
ffices of Household Finance Corpo- n: Jersey City, Bridgeton, Newark, 1, Camden, Newark, No. 2.
ffices of Household Small Loan Com- : Camden, Jersey City, Newark.
ffices of Monroe Loan Society: mfield, New Brunswick, Newark, gton.
ffices of New Jersey Cash Credit oration: Asbury Park, No. 1, Cam- Elizabeth, Jersey City, No. 1, Red k, Rutherford, Asbury Park, No. 2, Orange, Englewood, Jersey City, 2, Trenton, Bayonne, Irvington, kensack, Newark, Union City.
ffices of Personal Finance Company: ville, East Orange, Hackensack, nne, Passaic, Jersey City, Bloom- , Perth Amboy, Kearny.
nerican Equity Corporation; Ameri- Loan Company of Camden; Arrow n Society; Atlas Loan Society of den; Beacon Finance Corporation; owers Loan Company; Community nce Company; W. A. Dunn Com- ; Emergency Loan Company; For- l Loan and Credit Service of New ey; Friendly Loans, Inc.; General nce Company; The Guardian Plan; strial Loan Society; Ideal Finance ciation, Industrial Finance Com- ; Jersey City Loan Company; tin S. Kissel; Liberty Finance Com- ; Metropolitan Finance Service; onal Plan Finance Company; North ey Personal Loan Company; The nix Plan; Plaza Loan Society; ective Investment Company; Roan n and Security Corporation; Sea- d Industrial Corporation; Somerset n Company; Standard Loan Com- ; Supreme Credit Service of New ey; Van Horn Agency of New swick; Van Horn Agency of Tren-

on motion of Mr. Ingram, seconded Mr. Buchman, the minutes of the ious meeting were approved as dis- ted, and ordered spread on the min- ooks of the Association.

REPORTS OF OFFICERS

rt of the Secretary:

cretary Seabourne submitted his re- on the status of membership as of 31, 1929.

copy thereof follows:

bership as of May 31, 1929 ...	153
uctions (Resignations this meet- g)	3
Net Membership	150
bers' Dues Paid to June 1st ..	126
quent	24
	150

on motion of Mr. Young, seconded Ir. Freeman, the report of the secre- was approved and ordered spread ne minutes.

rt of the Treasurer:

easurer Matthews reported on the cial condition of the Association, ing that a nominal balance remained e treasury.

on motion made by Mr. Caruso, nded by Mr. Williams, the report of the treasurer was approved as read and ordered spread on the minutes.

REPORT OF EXECUTIVE COMMITTEE

Mr. Buchman reported that the Executive Committee had met prior to this meeting, and that in regular session, it had been duly moved and seconded that the Executive Committee recommends payment of any deficit incurred by the chairman of the Entertainment Committee incidental to today's meeting and outing.

Upon motion duly made and seconded, report of the Executive Committee was accepted as read. The president stated that the recommendation would be considered under New Business.

REPORTS OF STANDING COMMITTEES

In the absence of Mr. Lambert, Chairman of the Membership Committee, the secretary reported receipt from Mr. Lambert of four applications for membership in the Association all in proper order for consideration at this meeting in due course.

Mr. Rudloff, Chairman of the Entertainment Committee, who had supervised arrangements for the day's outing reported on schedule of athletic games and recreational program for the afternoon and evening. His report was accepted with unanimous acclaim, and a vote of appreciation was immediately tendered Mr. Rudloff for the diverting schedule of interesting events he had planned.

Mr. Young, Chairman of the Auditing Committee, reported that he had audited the accounts of the treasurer and approved all of same.

Dr. Charles Mueller, Chairman of the Legislative Committee, reported at length upon the work of the Legislative Committee for the year.

Following Dr. Mueller's report it was regularly moved by Mr. Benner and seconded by Mr. Freeman that the report be accepted as delivered, and that a rising vote of thanks be tendered Dr. Mueller and his associates of the Legislative Committee for their splendid work in behalf of the Association and the interests of all members. Motion was unanimously carried, and a rising expression of thanks tendered to which Dr. Mueller graciously responded calling especial attention to the labors of Messrs. Badger, Watts and Buchman as his committee associates.

Mr. Badger being recognized by the president spoke at some length on the necessity of every member doing as much educational work as possible, seeking at every opportunity to inculcate the facts concerning the Small Loans business as all know them.

Other members, recognized in turn, who commented upon conditions in much the same strain as Mr. Badger, were

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia and the New Method Loan Co., Springfield, Mass. Information upon request.

WHAT PRICE

will you take for

YOUR OFFICE?

A new successful company which has never before sought to purchase offices is now in the market. It is not one of the big chains.

If previous negotiations were unsatisfactory—try us. Strictest confidence observed.

Do not close a deal elsewhere without our offer.

We will pay in full, in cash, at good prices, for every office purchased. Present management may be retained if desired. Give name and location of office to receive attention.

Box 68
GENERAL POST OFFICE
NEW YORK CITY

Messrs. Zuchschwert, Crine, Simon, Kaplan and Lupo.

NEW BUSINESS

Mr. Buchman presented a bill from the American Industrial Lenders Association for copies of the publication "Opinions of Importance" that had been ordered by the Legislative Committee. Upon motion duly made, seconded and carried it was ordered that the treasurer pay the same.

The president presented for consideration the recommendation presented by the chairman of the Executive Committee, whereupon it was, upon motion duly made, seconded and carried, ordered that the treasurer pay any deficit incurred by the chairman of the Entertainment Committee incidental to today's meeting and outing.

The president read the following communication from the secretary of the American Industrial Lenders Association:

HARRISBURG, PA.,
May 21, 1929.

Mr. A. E. Montgomery, President,
New Jersey Industrial Lenders Assn.
40 Journal Square,
Jersey City, N. J.

DEAR MR. MONTGOMERY:

Perhaps you have been advised that the Fifteenth Annual National Convention of this organization will be held at the Bellevue-Stratford Hotel, Philadelphia, Pa., September 18th, 19th, 20th of this year.

It is now imperative to determine upon the program which will be undertaken on this occasion and we will be greatly indebted to you if you will ask for suggestions and volunteers from the members of your State Association.

Has any member any subject of vital interest to suggest, and are any of them willing to undertake to discuss it? Please take this matter up with the members of your State Association at the first practical moment and let me hear from you as soon as possible.

Very truly yours,
GEO. W. KEHR,
Secretary.

The president requested all members to give consideration to subject matter of this communication, and to convey any ideas or suggestions they may have either to the president or secretary of the Association or to Mr. Kehr direct.

The secretary read the resignation of the Mutual Benefit Loan Company of Jersey City, and informed the Association of withdrawal from business of the Gibraltar Loan Society of Newark. Virgil Moss of the Household Finance Corporation, also reported discontinuance of the office of the Guarantee Loan Company, 1195 Haddon Avenue, Camden, whereupon, it was

Duly moved, seconded and carried that the resignation of the Mutual Benefit Loan Company be accepted with regret, and that the names of the Gibraltar Loan Society of Newark, and the Guarantee Loan Company, 1195 Haddon Avenue, Camden, be dropped from the rolls.

Mr. Kaplan introduced a motion, duly seconded by Mr. Welanko that the president appoint a committee to investigate and ascertain the cost of a publicity campaign, and report its findings at the September meeting of the Association.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

EDMUND R. BECKWITH, of the New York Bar, says:

The first book to make clear the relationship between the legal bases of credit and the economic situation of non-banking borrowers.

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

The motion was carried, whereupon the president appointed Mr. Kaplan and Mr. Welanko a committee of two to make the investigation, and report accordingly at the September meeting.

ELECTION OF NEW MEMBERS

The secretary reported applications for membership in the Association, all in proper order, on hand from the following named small loans offices:

Civic Finance Corporation, 21 Broadway, Camden.

Interstate Cash Credit Association of New Jersey, 722 Haddon Ave., Collingwood.

Trustees System Company of Camden, 404 Broadway, Camden.

Trustees System Company of Trenton, 150 East State Street, Trenton.

Upon motion of Mr. Moss, seconded by Mr. Badger, all were elected to membership in the Association.

NOMINATION AND ELECTION OF OFFICERS

In accordance with Article 3 of the Association By-Laws, the president appointed a Nominating Committee, consisting of five members, namely, William Young, Chairman; J. C. Van Horn, Felix Simon, Charles Watts and Walter Meyers to nominate all officers and chairmen of all standing committees and all other persons to fill elective offices, for balloting thereon by the members.

The committee therewith retired into private conference, and in due course returned, Chairman Young submitting the committee's nominations as follows:

President, Vernon L. Buchman; Vice-President, Albert J. Simonson; Secretary, J. Gay Seabourne; Treasurer, Nelson R. Matthews; Chairman of Executive Committee, G. J. Badger; Chairman of Legislative Committee, Charles G. Mueller; Chairman of Publicity Committee, E. A. Rudloff; Chairman of Membership Committee, A. E. Montgomery; Chairman of Entertainment Committee, Walter Igoe; Chairman of Auditing Committee, Leland Stanford.

Thereupon it was regularly moved, seconded and carried that nominations be closed, and that the secretary cast the ballot.

The secretary reported having cast the ballot, and that the officers and chairmen of the various committees as selected by the Nominating Committee were unanimously elected to fill their respective offices and positions for the forthc year.

The retiring President, Mr. Mon ery, installed the newly elected Pre Mr. Buchman, and expressed his wishes for a successful year to the president. The other officers were wise installed.

It was then regularly moved, sec and carried that a vote of thank tendered the retiring officers fo faithful discharge of their duties.

No further business appearing meeting adjourned.

FLY TO THE A.I.L.A. CONVENTION

Modern transportation for m people!! Here's your chance to m delightful trip by air.

Through the courtesy and coöper of the Curtiss Flying Service, dele to the A. I. L. A. 15th Annual Co tion, Philadelphia, September 18th- may make advance reservations t from their home town, or near-by p Philadelphia. Many of you who veteran air passengers will welcome opportunity both for the enjoyment i afford and the time it will save. O who have yet to try their "air legs" find in a flight to Philadelphia the " that comes once in a lifetime."

The Curtiss Flying Service are neers in commercial air transportatio are by virtue of experience and e ment, well qualified to pick you up where in the United States and land safely at their Philadelphia term They will also be glad to take yo aerial tours of Philadelphia and sub at any time during your visit to Quaker City. Arrangements for Philadelphia Aerial tours can be through the Registration Committee you arrive at the Convention.

PRESIDENT BADGER SETS T PACE. URGES EARLY REG TRATION FOR COMING CONVENTION

G. J. Badger, President of the A L. A. has set a good example for members to follow by having alr made complete arrangements and reservations preparatory to attending September Convention in Philadel The Colonel urges all members to öperate with the Convention Comm by making early plans to attend. Ju soon as you have definitely decided t that it is suggested that you commun with your favorite Philadelphia hote room reservations. If you have no orites the Committee will be gla advise you regarding convenience o cation, prices, etc. Philadelphia "convention city" and September is popular convention month. Our cor tion is liable to be one of many in swing September 18th, 19th and 20th. we therefore urge early registratio assure your being well taken care of

AIR MINDED

Charles G. Mueller and Theodor Wiehe, president and secretary re tively of the Community Finance S ice, were among a group who flew Clarence D. Chamberlin, trans-Atl flier from New York to Milwaukee month to attend the Kiwanis Int tional Convention.

AILA Convention News

15 PHILADELPHIA, SEPTEMBER 18, 19, 20, 1929 No. 2

Philadelphia Ready to Welcome A I L A Delegates in September

g Dance to Be Held Wednesday Nite, Sept. 18

ial Cash Prizes to be Awarded. Hula-Hula and Strangle Hold Barred

e Ballroom of the Bellevue-Stratford Hotel e the scene of a dance and party which is being for the delegates to the Fifteenth Annual Con- on. There will be fun no end and enuf prizes ake everybody happy. The music will be by nheim's Specialty Orchestra and how those can play is nobody's business.

garding the prizes—there will be a long string em for the ladies and SOME for the men. The ds will go to winners of elimination dances, alty dances, old-fashioned waltzes, etc. The -hula is barred by the Board of Censors and the rees have been especially cautioned to put an diate stop to strangle holds, half-nelsons and unorthodox holds. Outside of that the sky's mit.

unusual and desirable feature of this Wednes- Nite shin-dig is that it does not begin until nine k. That will give you a chance to up after dinner. Some of you want to go to a movie or a show nite and if you do, you can come e dance afterwards. The music stop until 1:00 G. M., and the stay on all nite. Even those who late can get in on the prizes as will be reserved until late in the ng.

is dance looks interesting. Better it in on your Convention schedule.

Courtesy Conventions and Exhibitions Bureau Philadelphia Chamber of Commerce

"Ham and —" at Seven

Don't Miss this Feature

With the multitude of interesting subjects for discussion pro and con at the coming convention, the committee in charge has scheduled an extra early morning meeting in the form of a 7 o'clock breakfast, much after the fashion of the traditional English breakfast preceding the jolly hunt for the sporty and elusive fox. While the succeeding events on Thursday can in no wise be compared with a game of "Hare and Hounds," or a fox-chase, the breakfast idea is a peach. No chases are scheduled, but there's always the possibility of starting one if the delegates so desire.

The breakfast will be a perfect blend of "Ham and—," crisp speeches, and good fellowship. Even for those who don't like speeches, whether they are done crisp, medium or rare, there's still the irresistible allurement of luscious "Ham and—." And for those who don't like "Ham and—" well, they can order anything they do like.

Don't miss this Breakfast Session. It's an inovation that promises to be one of the very most popular features of the Convention.

Banquet Thursday September 19 at the Bellevue-Stratford Hotel

PHILADELPHIA MAYOR TO WELCOME DELEGATES TO 15th ANNUAL CONVENTION

The delegates to the 15th Annual Convention of the A. I. L. A. will have the pleasure of meeting Hon. Harry A. Mackey, congenial mayor of Philadelphia, on the convention floor.

His Honor will address the convention and welcome you all to the City of

MAYOR MACKEY

Brotherly Love. Mayor Mackey is one of the most cordially liked executives Philadelphia has ever had and it is with considerable satisfaction that the committee tells you in advance that he will talk to us at 10 A. M. on Wednesday, September 18th. You'll like Mayor Mackey as you will like Philadelphia.—*"The Workshop of the World."*

SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

General Form, Uniform Law. 5c per copy.

Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industrial Loan Business, by Hon. A. R. Robinson. 5c per copy.

Illinois Supreme Court Decision. 5c per copy.

Pennsylvania Supreme Court Decision. 5c per copy.

Ohio Supreme Court Decision. 5c per copy.

Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by Dr. F. W. Ryan. 5c per copy.

The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Making Credit Available for All. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A. $1.00 per copy.

Opinions of Importance, compiled by Paul V. Hough. Price $2.00 per copy.

Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Business, by Senator John Dailey, Peoria, Ill.

Modern Scientific Efficiency and the Business of Industrial Banking, by Chas. G. Mueller, Philadelphia, Pa.

Building Your Business on Good Will, G. W. Harrington, Indianapolis, Ind.

Helping Each Other, by C. G. Mueller, Philadelphia, Pa.

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership in State and National Industrial Lenders Associations, by E. F. Moore, Philadelphia, Pa.

Industrial Lending as a Community Asset suitable for a lecture before public welfare organizations. Ten cents per copy.

How to Organize a Lenders Exchange Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, by Elizabeth G. Stern.

Report of the Interim Committee of the Minnesota House of Representatives on Small Loan Legislation. Ten cents per copy.

Please remit cash, money order or check for any of the above articles desired, to the American Industrial Lenders' Association, Box 778, Harrisburg, Pa.

TENNESSEE

The regular quarterly meeting of the Tennessee Industrial Lenders Association was called to order at 11:00 A. M. Thursday, June 6, 1929, by Chairman W. B. Richards.

The following members responded to roll call: Lincoln Loan Co., Chattanooga, Tenn.; Beneficial Loan Society, Jackson, Tenn.; Richards Loan Co., Knoxville, Tenn.; Personal Finance Co., Knoxville, Tenn.; Hermitage Loan Co., Memphis, Tenn.; American Loan Co., Memphis, Tenn.; Personal Finance Co., Nashville, Tenn.

We were honored by having representatives of three other State lenders present: American Security Co., Chattanooga, Tenn.; Fulton Loan Service of Chattanooga, Tenn.; Southern Security & Trust Co., Memphis, Tenn.

We were honored by having a very interesting and forceful talk by Mr. C. G. gett, of the Beneficial Operating Bu on the "Necessity of Coöperation Good Fellowship of the State Len as a Whole." He proved to the present that unless they pull together single body, it would be disastrou the small loan business, for exampl told them how a few States where law has either been repealed or rate duced on account of too many individ acting on their own accord in regar presenting their claim before the S Legislature.

Through absence of Treasurer M ford, his report was read by Chair Richards. Motion was made by Liggett and seconded by Mr. O'Q that they be accepted as read.

The minutes of our last meeting, w was held in Nashville, Tenn., on Ma 7th, were read by acting Secretary G It was motioned by Mr. Frank seconded by Mr. Liggett that they be cepted as read.

There was a general discussion in gard to amending section 9 of the C stitution of our association, which co the amount of dues to be paid yearly each member. Mr. Liggett made a tion that the rate be changed as follo Fifty dollars yearly, flat rate to all m bers which would be paid semi-annua twenty-five dollars January 1st, and 1st. His motion was seconded by Ch man Richards and was carried by a un imous vote.

Mr. Durham was appointed as a c mittee of one to call on Attorney Schr of Nashville in regard to the possibil of the Governor calling a special ses of the State Legislature to finish s pending bills and advise Chairman R ards as to the results.

Mr. Franck, who is chairman of membership committee, reported that felt confident he would be in position place several new members on our ro by the time we held our next quart meeting.

The Vigilence Committee, consisting Mr. Franck and Mr. O'Quinn, repo that they had not received any compla in regard to violaters since our last m ing.

It was motioned by Mr. Hoste seconded by Mr. Franck that the meet be adjourned until after lunch.

Immediately after adjourning, ev one present formed a group on one the sun parlors and our picture was ma

LUNCHEON

Everyone gave Mr. Hostetler and Sweeney a rising vote of thanks for splendid luncheon they prepared for us

C. G. Liggett acted as Toastmas during the luncheon. After assuring city officials of Chattanooga that w present, how happy we were to have honor of holding our meeting in th city and then telling us a few jokes wh put everyone in high spirits, he int duced to us Judge Whitaker who presi over the Criminal Court of Hamil County.

Everyone enjoyed his talk immen and the way that he told us of the preciation of having us in his city a that we were always welcome to ret made everyone feel good. He also t us several stories which were enjoyed everyone.

On account of urgent business wh

: impossible for Mayor Bass to be , we had the honor of meeting Commissioner Bryant who made ery interesting talk and also as- ıs that our presence in their city preciated.

Parks who is a very live wire ed with the Chamber of Com- of Chattanooga, made us a talk us the advantages of Chattanooga ir natural resources which in time ake it one of the leading cities of ıth. After this he sang us several which he composed himself. He companied by his good wife, Mrs. Their entertainment was very ıd everyone enjoyed it.

luncheon we resumed our busi- ssion, the afternoon being taken ı general discussion.

Franck and Mr. O'Quinn were ap- as a committee for our entertain- t our next meeting which will be Memphis on September 5, 1929.

'man Richards was elected to at- ıe American Industrial Lenders tion convention which will be held ember.

ıere seemed to be no other matters portance to discuss, Chairman ls called for motion to adjourn motion was duly made by Mr. and seconded by Mr. Hostetler.

C. R. GAGE, *Acting Sec.*

ARKS OF BURR BLACK- RN BEFORE THE MEETING THE INDIANA INDUS- AL LENDERS ASSOCIA- N, HELD IN INDIANAP- S, MAY 15, 1929.

still an outsider in the business, ve been studying it for the past seven months for a Citizens' Com- ıp in Wisconsin. I certainly agree e subject Mr. Badger made about g the term "loan shark."

all, in your advertising and pub- vhat we want for this business is olish its respectability, and estab- respectability is a matter that s careful technique. I know the ay I was in a company of ladies, whom smoke cigarettes. I opened package and thoughtlessly bit the it off, as I usually do. One of ıdies, who feels she is perfectly at to criticize me and give me ad- aid, "Don't you know that isn't to open a package of cigarettes?" ever had struck me, but doesn't ry well, does it? So when I am ladies, I won't bite the top of es off.

nk that illustrates the necessity, if going to be respectable, about being about some of these apparently things.

n outsider who has just come in with the business, the thing that ed me most, that is keeping this s from being classed as respect- the nomenclature that you talk; the two things that are most im- in establishing respectability are ome and your conversation.

, the homes of this business have mproved considerably from what in the last ten or fifteen years. I and all of you have taken the lown from in front, and it isn't up any longer with old violins and ng fixtures and various other things that are for sale, but it has begun to be, as I have visited the offices and have had my own outsider's impression of the offices, very much like the cold and bleak appearance of a bank. I know, as a youngster who didn't have much, I always was frightened to go in the big bank in my home town. It was a scary sort of a cold, bleak, dreary place.

When I go into your offices, I am frank to say that is the impression I get. Of course, when I visit the headquarters, I am taken into what might almost be a throne room, with drapes and rugs and chairs. When I go into the offices your customers come in, I see a bunch of nice, comfortable chairs, but they sit back stiff against the wall, and the office is dark, and there is nothing in there but chairs, and there is a grating, a grill. I usually think that the nice-looking young lady who comes to find out who I am is in trouble, is in jail. Rather pathetic; I get sorry for her right off the bat. In spite of the fact that the banks are taking down their grills, it seems to me you folks are putting them up.

This is such frank, outspoken talk that I probably won't dare a year from now to come back, but I can't see why we can't make those reception rooms a little less bleak; why we can't put some pictures on the walls that have to do with family finance or family problems that make it homelike. I can't see why customers who have to wait in some of these offices an hour or so—and I know some who have gone to cheaper offices because they couldn't wait any longer—I can't see why they can't be made comfortable. Why not have somewhere for the man to throw his cigarette ashes? Why perhaps there couldn't be a mirror on the wall so that the lady could look in it to see if her hair is straight? Why not have a table with magazines? You people have good magazines and good literature on family finance. I don't see why you can't put literature there for the people who have to wait, so they will have something to do besides sizing up the fellow who is also waiting. When they get into the interview rooms alone, give them something to do.

That is merely a suggestion, but I think we ought to make the home respectable first, and then the other thing that is most important about respectability is the way you talk.

I have been impressed with the fact that in this business you have insisted on keeping the old loan shark nomenclature. One of your speakers in the industrial lenders said that a hundred years ago the banks were called money lenders, and, therefore, looked down upon. The banks have dropped the nomenclature; they don't talk about borrowing, they don't call themselves money lenders. Their conversation has been changed into a conversation that uses respectable words.

You know, a fallen word is like a fallen woman, it can't be reclaimed, and I think one of the things this business needs to do is to study its nomenclature, the words it uses, and try to drop some of these words that simply can't be reclaimed.

I come from a group of social workers who have through the years been called charitable workers, and the organization has been called associated charities. We tried to reclaim that, but we couldn't, so we dropped that and called ourselves social workers, and that word is getting

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to the point where we will have to drop it and get another, because some of us have been so guilty of red tape and the wrong kind of work that we may need to call ourselves social engineers or something else, to get away from a fallen word, and associated charities we have dropped and called ourselves public welfare or family welfare associations.

Did you ever stop to think that you folks call all your customers borrowers? Now, the grocery store doesn't call all its customers eaters. The furniture store doesn't call all its customers furniture users. They are customers, yet in our conversation it is borrower all the time.

When we call ourselves lenders, our name, National Association of Money Lenders, I don't wonder that we have so much trouble establishing ourselves respectably. The loan shark has been mentioned here. Why, do you know, you have given him a respectable name? You call him a salary-buyer. That is a perfectly respectable name. It isn't associated with any of the two thousand years of prejudice that has been built up against the money lenders, and then in the use of the term "loan shark," as Mr. Badger said, we simply have eliminated him; the only loan shark left in this business.

I would like to suggest some nomenclature that has come to my mind in studying it. The loan shark, I think, ought to be called "illegitimate lender," because I think we do want to leave that term lender on him, but I think the word "illegitimate" differentiates him from us, because there isn't any question about our being legalized in this business.

I think we would do well to drop the use of the word "loan shark," but I think our campaigns and persecutions of loan sharks are responsible, to a large extent, for a great deal of trouble the business is getting into, and has in recent years.

My observation of this business has been that if I were trying to find a name that describes what it is, I have been impressed with the fact that you are engaged in financing the family. Probably about 20 per cent or 10 per cent of your business goes to single people, teachers, etc., and is used perhaps in small commercial undertakings, but the majority of your business is money given to families for the purpose of refinancing their debts and financing the family through its difficulties.

For my own personal use, I have adopted Family Finance as describing this business, and I would like to see the time come when you called yourselves the Association of Family Finance Companies. I would like to see the time come when you talk about yourselves, not as lenders, but as Family Finance organizations, and when you stop the use as much as you could, of loans and borrowing. Bank's don't use it but very little. They use the term "loan" very little.

I noticed that Herbert Hoover, in speaking of farm loans, didn't use the word "loan" in his speech. He talked about advances to farmers, and I have found, going over things I have written, that I can use for the term "loan" a dozen different words that express the meaning a good deal more definitely than the word "loan"—credit, money, advances and accounts; various other things that we can use.

Now, I realize that I am suggesting something that is awfully difficult. Having associated in the business for nine months, I find that I can't regulate my use of these words even the way I want to. To illustrate the difficulty of adjusting to a change in nomenclature, I just notice this is Life yesterday. A little address that has been made by an educator says:

"Only a few years ago it was customary to discourage slovenly speech. The little folks, especially, were subjected to strict discipline in most American homes. Sad to relate, a swing in the opposite direction is noticeable. Here again the influence of the movies is noticeable. With the talkies' popularity increasing, it is not surprising that many parents are discouraged and negligible. The little ones insist that it is entirely desirable if movie actors and actresses do it, and they should not be censured if they react skeptically to the parents' suggestion that lisping is considered a silly practice in the best circles." (Spoken with a lisp.)

It seems to me that illustrates the difficulty of carrying out what you have in mind, and would be in changing the nomenclature in this business, but from the standpoint of public relations, the sooner we adapt a nomenclature that gets away from the old lending business, as the banks have done, as the Morris Plan, the Citizens' Plan Group have done, and as every other group of legitimate business in this field has done, the sooner, the better. (Applause.)

WOULD CENTRALIZE CREDIT IN AMERICA

Money Which Pays the Bills Constitutes a Charge Upon Business

Dr. Baker of U. S. Chamber of Commerce Has Pronounced Views

(Special to The Inquirer.)

MINNEAPOLIS, June 28.—A centralized credit exchange organized on a national scale and covering all industries and banking institutions was suggested as an effective method of conserving for legitimate business the country's credit supply by Dr. Hugh P. Baker, manager of the trade association department of the Chamber of Commerce of the United States, in an address today before the National Association of Credit Men.

Emphasing the need of accurate and comprehensive credit information in the conduct of business, Dr. Baker said: "An efficient credit service should be placed at the head of the list of tangible or constructive things being carried on as an organized activity in business.

"We have been much impressed," he continued, "in the National Chamber with the increasingly critical attitude on the part of business, men who are not primarily credit men, toward the failure of agencies concerned to produce the kind of credit interchange needed today.

"It must not be forgotten that the money which is being used in the development of credit information is coming from one till; that it is after all a charge upon business. It is becoming increasingly evident also that this dissatisfaction on the part of business men is not with any trade association or credit associations but with the general situation. Business men are appreciating more and more that there is a lack of comprehensive and accurate credit information.

REGARDED WITHOUT BIAS

"Looking at the whole credit ex situation without bias either in of the trade association or the N Association of Credit Men, or fr viewpoint of the banker or the ind business man, it seems perfectly that misunderstandings and duplica between various agencies in the field can have but one effect ar is the limitation of the effectiver the work of all of the group.

"Even a cursory study of the si would seem to indicate that the need in credit interchange today is coördination and coöperation. would appear to be a real need tralized credit interchange coveri industries and banking institutions

Dr. Baker will be one of the N Convention speakers in Philad September 18-20.

ITEMS FROM THE WIMS WORLD
June, 1929

Mr. E. L. Murphy, President Peoples Finance & Thrift Compa Alabama, located at Birmingham, following to say regarding delinq in the June issue of the *Wimsett*

"Do other offices charge fees linquency, or extension of paymer so on what basis?

"We established this practice a year ago, and have been delighte its results. Roughly, the plan is lows:

"A charge of 10 per cent of th ment to extend the entire loan one

"A charge of 5 per cent of the pa to extend one payment one month payments then being due at the ne date.

"A charge of 2½ per cent of th ment to extend 15 days or less.

"No more than two extensions granted on any loan.

"Our income from this source ru tween three and five hundred dol month, and is collected most easily the borrower. Invariably the attit the borrower is of sincere appre of an opportunity to keep his credi with the company. We failed to e a plan of this sort during our firs of operation, fearing an unfavorab action by the borrower, but when it in it met with instant approval."

FROM "SERVICE DEPARTMENT"

Q. What are the main advanta having applicants take "Borrowers tective Insurance?"

A. There are many advantages to the company and the borrower i ing applicants take borrowers' insu On the part of the borrower, he is fited by having life insurance at rate and as the insurance usually the entire amount of the loan for it it means that in case of death borrower while the loan is in forc only are his comakers released, b estate is refunded all that has prev been paid on the loan. On the part company, it benefits first, because i of the death of the borrower, it im ately receives the unpaid balance loan instead of having an account will probably be delinquent. It b also because it receives good will

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But that's a mistaken feeling! To prove it, step into almost *any* successful loan office. You'll *never* see a principal "checking up" on cashiers! The entire process of business will be running like a well-oiled machine. Mistakes and delays are unknown; speed and accuracy here are watchwords.

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part of the comakers because it is able to notify the comakers immediately that they are released from all further liability whatever. The company benefits also in additional earnings and this amount may easily be made to reach a considerable figure. Many Wimsett companies are making their earnings from insurance equal a considerable part of their overhead. All managers should be on the alert in this matter to see that a large part of his loans is covered by insurance.

MEETING SCHEDULE

MASSACHUSETTS—Salem Willows, July 17.
LOUISIANA—New Orleans, July 20.
GEORGIA—Macon, July 26.
OHIO—Cedar Point, July 24-26.
PENNSYLVANIA—Reading, August 14.
TENNESSEE—Memphis, September 5.
FLORIDA—Jacksonville, September 18.
NATIONAL CONVENTION—Philadelphia, September 18-20.
MICHIGAN—Detroit, October 17.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

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INDUSTRIAL LENDERS NEWS

fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

XIV, No. 2. AUGUST, 1929. Price, $1.00 a year; Single copies, 10 cents.

THE LIBRARY OF THE
AUG 1 1929
UNIVERSITY OF ILLINOIS

Study the Facts on Small Loans

If the assembly votes to concur in the senate bill to repeal the small loans law, it will have to do in the face of facts which show that the small loans system is providing a desirable plan of credit thousands of Wisconsin citizens. Or the assemblymen will have to be convinced that the records sented are not true. Or they will have to discover some better plan of providing credit for the thou-ds who cannot go to the bank and obtain a loan by depositing collateral. We can discover no fourth rnative.

As for a better plan, none has been offered. Bank credit does not reach these thousands. Neither s a plan that requires a co-maker for the note. That is another form of providing security, not ilable for people who will not ask others to assume responsibility for their debts. The suggestion, le first by State Treasurer Levitan and later by Lieutenant-Governor Huber, that money be loaned nout interest is wrong in principle and would be entirely inadequate in practice. Where could we all this money to loan and why should we make its use free to those who are not asking charity but credit? The credit unions formed within industrial organizations are good, but they serve only lim-numbers. For the great body of workers of modest and meager income, we have to have some sort commercial plan, under supervision, or send them back to the loan shark.

As for the facts themselves, we have not seen them challenged. The commissioner of banking spent ny weeks checking the small loans law and reports the system fair and satisfactory and urges its re-tion. In the time it has been in operation, the commissioner finds, it has met the needs of 34,130 sconsin citizens, to the extent of over $4,000,000 in loans, and with a yearly net return to the com-ies of 10.8 per cent, not a high yield for this hazardous business.

In addition to this report, a committee of citizens that included such names as Fred M. Wilcox of industrial commission, Assemblyman Reis, John R. Commons of the university, and others, studied system from both its business and social aspects. This committee believes that the small loans law uld be retained.

If assemblymen will accept the invitation given to them to make a thorough study of the small ns plan, they will, we are convinced, reject the senate's repeal bill, not in the interest of the money lers but in the interest of the people who need these loans. And in the interest of the state's good keeping out the old 120 per cent loan shark.

Editorial from the Milwaukee Journal, July 10, 1929.

INDUSTRIAL LENDERS NEWS

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N. H.—F. A. Brodeur, 967 Elm St., Manchester.
N. J.—J. Gay Seabourne, 110 W. 40th St., New York City.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penna.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 307 Main St., Pawtucket.
Tenn.—C. R. Gage, 616 South Gay St., Knoxville.
Va.—S. L. Tucker, 102 S. St. Asaph St., Alexandria.
Wash.—M. B. Hill, 7 N. Third Ave., Walla Walla.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

PROGRESS AND REORGANIZATION TO BE THE KEYNOTE OF 15TH ANNUAL A. I. L. A. CONVENTION

With the industrial lenders of America facing a period of rapid change it is only natural that progress and reorganization should be the principal theme of the A. I. L. A. Convention to be held in Philadelphia in September. It is quite likely that many Association members do not appreciate the past development and present influence of the A. I. L. A. This has been considerable and will be even greater in the years to come. You'll want to have your "say-so" in this reorganization. Philadelphia, September 18, 19, 20, will give you this opportunity. Big things are coming. Get in on them.

COMMUNICATIONS

Harrisburg, Pa., July 30, 1929.

G. H. Orth, Chief,
Bureau of Private Banks,
Department of Banking,
Harrisburg, Pennsylvania.

DEAR MR. ORTH:

I am returning herewith the letter of Mr. George H. Slaine to you, under date of July 27th, relative to the legality of the collection by a licensee under the Act of June 17, 1915, P. L. 1012, and its amendments of court costs in case legal action is necessary to collect the balance due upon any loan made by the licensee.

Section 2 of the Act of 1915, as amended by the Act of June 4, 1919, P. L. 375, provides that a licensee shall be entitled to loan money and "to charge the borrowers thereof, for its use or loan, interest," etc. It is also provided that "no fees, fines, or other charges, either in addition to or as a part of the above specified interest, shall be charged or collected under any pretext whatsoever." It seems quite evident that the prohibition against the charge or collection of additional fees or charges is directed against the setting up of additional charges in the manner of examination fees, etc., under the guise of which the licensee would attempt to charge *for the use or loan of the money* more than the specified interest. The purpose of the act is to compel the licensee to charge a definite rate of interest which shall be the only charge made in connection with a loan which goes through in the ordinary course, that is, an application is made resulting in an investigation of the moral responsibility of the applicant and the value of the security offered, the loan is subsequently granted and then repaid in due course without the necessity of any legal proceedings. The act is not intended to prevent the reco of actual court costs expended in ca becomes necessary for the licensee e to bring suit upon the note of the rower or to institute proceedings to ize upon the security pledged collateral. Such security is freque an automobile or household effects, replevin proceedings are necessary in tain cases.

In our opinion, therefore, it is ent proper for a loan company to collect a borrower the amount of court properly taxable against the borrower actually expended by the licensee in legal proceedings are necessary to se payment of the loan.

We believe that this will answer questions which you have in mind. suggest, however, that the departmen strict its replies to any inquiries this subject matter in such a way tha collection of any amount other than interest stipulated shall be limited to court costs actually expended by th censee and taxable against the borr as such.

Very truly yours,
(Signed) PAUL C. WAGNER,
Deputy Attorney Gener

VALUE OF ASSOCIATION MEMBERSHIP

Banks have recently indicated the v of association membership from standpoint of credit. According to ports received, "the shoe industry determined that in 1928 of the 72 fail among retail shoe dealers there only four who were members of trade associations. In the dental indu over a period of 47 years of associa activity representing 80 per cent of dental trade there were but 12 fail among members of the dental t associations."

HOUSEHOLD THE BIGGES

In its "Notes of the Street" the *P delphia Inquirer,* June 25th, said:

"Since its acquisition of the asse the Guarantee Loan Company the ular Finance Corporation and the Fr lin Finance Corporation recently, H hold Finance Corporation has becom largest small loan organization in United States. It now operates 114 ces in twenty-seven mid-Western, ern and Southern cities."

FACT AND FUN

Four years ago the National Ass tion of Credit Men determined to pitiless war on the credit crooks grow rich by defrauding manufact and wholesaler by false credit ra after which they make extensive chases. Since the war was started have been 734 men and women conv of fraud in the courts, of that nu 279 being in the central states, incl Ohio. The credit men have the war under way, not all credit crooks h yet been apprehended and convicted.

NOTICE

L. E. Pope, supervising manager o Credit Service, Inc., announces a ch in his address from: 209 E. Grace Richmond, Va. to 207 W. Fayette Baltimore, Md.

The Wisconsin Campaign

oon after the enactment of the Uni-
n Small Loan Law in 1927 in Wis-
in and offices were licensed by the
e Banking Department to operate
er it, rumors began to be circulated
an effort would be made to repeal
law when the 1929 legislature as-
bled.

anticipation of the assault on the
Burr Blackburn, a former Atlanta
al worker was employed to make a
y of conditions and report results
ose most concerned. Mr. Blackburn
nized a committee of prominent
consin citizens which went into the
er thoroughly with the result that
committee could find nothing that
fied the repeal of the law but on
other hand much to recommend its
tion on the Wisconsin statute books.
nong other things, the interest of the
e Commissioner of Banking was
sed with the result that he furnished
assembly with some illuminating
relative to the operation of the

spite of all that had been done to
ince the legislators that Wisconsin
a good small loan law, the Senate
oved the bill to repeal it in which
House did not concur by a comfort-
majority but a vote to reconsider
ote by which the bill had been de-
d succeeded and when called for a
the motion to reconsider was lost
substantial majority. Unquestion-
the work that turned the tide that
ted in the defeat of the repeal bill
e House was the result of a refer-
n vote submitted to the borrowers
selves in which they were asked to
ss their wishes with respect to the
l bill.

connection with this and for its
tional value we are publishing the
wing interesting data:

Wisconsin Industrial Lenders Association

MILWAUKEE

July 20, 1929.

*he Honorable Members of the Wis-
consin Assembly:*

e customers of the Small Loan
ce in this state have expressed their
nent most definitely against the re-
of the Uniform Small Loan Law.
s fact is made known, unanswer-
by means of a referendum conduct-
an impartial committee of promi-
citizens. The written ballots were
l directly to the Secretary of that
nittee.

the 13,487 votes cast, 12,577 or
are against repeal of the law.
ny voluntary letters, also, were
l to this Committee. You cannot
o be interested and impressed by
statements from those who are best
ed to judge.
e Committee's complete report is
ed. Please read it. It is worth
of argument.

Very truly yours,

PETER J. KOEHLER,
President.

Citizens' Committee on the Uniform Small Loan Law

MILWAUKEE, WISCONSIN

July 19, 1929.

MR. PETER J. KOEHLER,
Pres. Wisconsin Ind. Lenders Ass'n,
Milwaukee, Wisconsin.

Dear Sir:

The undersigned, members of the "Citizens' Committee on the Uniform Small Loan Law," herewith submit their report of the result of the referendum vote by customers of the small loan companies now operating in this state. The question was submitted by mail to all of the persons who have made loans of the companies included in your Association. There are about 40,000 such borrowers in all.

The question presented to them was whether they want the existing law which authorizes these loans continued, or repealed as proposed in a bill now pending in the legislature. The form of ballot used is shown on the accompanying sheet.

The canvass has been conducted from July 8 until noon of today, July 19. The results of the poll are as follows:

Votes from Milwaukee County: Against Repeal, 3,937; For Repeal, 209; Total, 4,146; Percentage Against Repeal, 95%.

Votes from rest of state: Against Repeal, 8,640; For Repeal, 701; Total, 9,341; Percentage Against Repeal, 92.5%.

Total votes cast: Against Repeal, 12,577; For Repeal, 910; Total, 13,487; Percentage Against Repeal, 93.2%.

Accompanying the ballot on which these votes were cast were more than 300 voluntary expressions of opinion of which the great majority were in favor of the maintenance of the small loan business. We have appended to this report representative copies of such letters.

The practical unanimity of these votes is all the more significant in view of the circumstances and conditions prevailing during the referendum.

1. The state senate had recently passed by a vote of 23 to 5, a bill to repeal the small loan law here in question.

2. In the course of the discussion of this measure in the senate, the law was bitterly assailed on the ground of authorizing usury and of permitting exorbitant profits to the lender. These statements were widely quoted in the public press.

3. The business of loaning money, from Biblical days down to the present time, has never been a popular one.

Whatever others may think about the small loan law, the people who have taken advantage of it by borrowing from the agencies licensed in this state —the people, after all, most concerned— are unmistakably in favor of it.

Respectfully submitted,

FRANCIS E. MCGOVERN,
Chairman.
WM. L. PIEPLOW,
FRED D. GOLDSTONE,
Secretary.

Citizens' Committee on the Uniform Small Loan Law

MILWAUKEE, WISCONSIN

July 8, 1929.

This Committee wants to know whether or not the customers of small loan offices want the law to be changed so these offices must go out of business.

We have asked the Company from which you have borrowed money to write your name at the top of this letter.

We ask you to send us your answer AT ONCE in the stamped and addressed envelope which is enclosed.

You should sign your name and address, but you may be perfectly sure that **your name will not be made public.**

It is our purpose to find out from the customers of this small loan business whether they think it is a useful and necessary business, or whether they think this business as now conducted should be stopped entirely.

Please answer the question below by making a cross after the word "Yes" if you believe the business **should continue;** or by making a cross after the word "No" if you think the business **ought to be stopped.**

THIS IS THE QUESTION:

Do you want the Legislature to retain the Small Loan Law and to keep your chance to borrow money as you are now able to do at the office where you have made a loan?

Yes [ ] I want the business to be continued.

No [ ] I want the business to be stopped.

We thank you for sending your answer which will help the people of the whole State to know whether the Small Loan Law has helped, or whether it has harmed, those who, like yourself, have borrowed money at small loan offices.

(Signed) **Fred D. Goldstone,** Secretary of the Committee.

Your Name .....
Your Street and Number .....
Your City or Town .....

TYPICAL VOLUNTARY LETTERS FAVORING CONTINUANCE OF THE SMALL LOAN SERVICE

These letters are printed here as they were written. They have not been edited except as it has been necessary to eliminate words that would serve to identify the writers.

———

Madison.

There are times when a man of independent character, prefers paying a high rate of interest to asking a friend to go security for him at a bank. Such a company affords a legitimate opportunity to get money and to pay for the loan.

There are times when a man has borrowed all that his credit will properly stand at the bank where he does business. Then sickness in his family or the necessities of a son or daughter in school make a demand upon which must be met. Under this "Small Loan" sys-

tem he may meet the emergency without embarrassment and in a wholly legitimate way, and pay when the stress is over.

Also, any man of independent character despises any plan which savors of charity or patronage; he would not consider a "charity" loan under any circumstances. The "charity" loan proposition under whatever disguise labeled is an insult to any self-supporting man or woman, and will not be used.

Again, there are many who do not have bank credit and who are entirely honest, and who get "up against" tragic conditions where some small amount as $25 or $50 will save happiness and perhaps life itself; this sort of a company gives them their chance. They get what they need, and they pay and pay gladly for what they get.

When I read of the extreme concern of some of the people who are worrying in the public prints about the sad, sad case of the poor borrower, I am somehow reminded of good Ben Franklin's story of the man who had an ax to grind.

Milwaukee.

Just a word or two to let you know that the small loan is a good thing to have. It helped me in paying my tax and it will help in other ways where money must be raised at once.

It is a good thing if it is used in a proper way.

Brodhead.

I am pinning the following note to your inclosed inquiry, and you will find that I have put my yes in the proper place, there are many reasons why this law should not be repealed, in the first place Lieut. Gov. Huber, an ardent worker for the repeal of this law, have not told us how a Man with a large family and no bank roll can loan a hundred or two of dollars if in need of same, the small town Bank will not bother with you, unless you have plenty of money to start with, or plenty of real estate, last spring I was in need of just one hundred and sixty dollars I was installing a spray painting system which I knew would give me big returns, if I could get a going, all I had for security was plenty of good shop tools and about $1500 worth of paid for furniture in good condition the Banker would not lend me one dollar on this as security well I appealed to your Janesville loan society I got the $160.00 I am making money with my outfit, thanks to your society, the rate of interest may be high, but the main thing is to get the lift when you need it.

Madison.

I don't care if the whole world knows that I think of the "Small Loan." If a fellow is honest and willing to pay his just and honest dues after he is compelled to make them, the Small Loan is at his command and I find it a great help to me. I do think the rate is a little too high, I think 1½% per-cent is a great plenty but to get the money when needed is the most important. In reality the Banks is charging more than the Small Loan Co., they want you to give them a Mortgage on every thing you have and your Life besides; or have your best friends drug into your financial trouble. I have talked with several of my best friends and they agree with me. I am glad you asked me this question. Thank you.

Beloit.

My son was trying to get home from the west without spending any more money than he could possibly help but was stranded in ——— and at that time I had no way to get the money to send him. This money enabled him to reach home safely but he was soon taken ill and had to be in bed for several weeks What would have happened to him so far away from home and among strangers and without funds in is not pleasant to contemplate. So you can see I was thankful for some place where I could get the money and get it quickly.

I have been able to keep up my payments and before the summer is over I expect the loan to be paid in full.

I often wonder if they have to charge so high a rate of interest. If their losses are not too heavy it would seem as if they could loan at a much lower rate and yet make a good profit.

I vote to let them continue for I believe such a company is at times a great accommodation to a man who needs some ready money in an emergency and who is able to pay it back in small installments.

Milwaukee.

When I first went to make my loan I was just about as green in the business of loaning money as perhaps hundreds of other people were. Yet I have this to say that every bit of information I asked for, and a great deal more besides was given to me before I made my loan. I understood distinctly the way this business is transacted, the interest rates, and everything else.

The rate of interest charged; although a little high, in my opinion is just a slight obstacle when one is in strained circumstances. It can easily be overcome when the party making the loan, will in the season when he fares a little better, make as large a payment on his loan as is possible. It is well understood that everybody at some time can use a little extra money. There is sickness, no work, and hundreds of other reasons why a person will be down and out at some time. I personally would rather make a loan than to charge a bill to a doctor and that goes for a lot of other things also.

I sincerely believe that whoever is on the verge of making a loan, knows just exactly how the situation is handled. It is really up to that party to decide whether he can afford it. Here is another thing I noticed. The people I deal with always discouraged me from making a large loan. They always were sincere about it, and made me understand, I must be sure whether I could afford it.

I hope these few lines will help you to decide to keep the small loans act.

Milwaukee.

You may use my name if you want to I am going to speak to some of the Senators about the Loan and tell them how good it is to get a Loan when a Small fellow is in need it is a great help it is worth a Lots to him to get some help. I spoke to a few more that I know it helps a man out when in need where would he go to if your Loans w stopped he could not go to a bank get help. So that is why I favor it a I will help to keep it if I can help y

---

Eau Claire

I want to say this Installment Plan paying has helped me. It is easier t paying a note on 30-60 or 90 days, entire sum. My payment is on 27th each month, and I have found it an e way to pay. Also these People of Loan Co. are pleasant and nice courteous to do Business with, they h treated me right and my Payments easy, trusting their Business will be c tinued.

Racine

I am in favor of these small loans a man working for common wages has no real estate property could borrow from banks but can get a li money from these small loans if ne sity. But I do believe their rates ar little too high. Still without these lo what would a man do if he had sickn or death in the family. You cant pect no help from Banks or indivic if you havent got Real Estate prope If their rates were lower, these lo would be far better than any banks, the banks are not for laborer.

Whitefish Ba

This law has made it possible for ple to borrow money which after in tigation at different banks, which dem a real estate collateral, and other tape, they could not do. Why try kill a law, that is a help to persons limited means? Through this agenc have been able to pay bills which m have been delayed.

Milwauke

The poor man could not borrow mo from the bank,—thus sprang up the s loan group. Now, the banks want to them out of business. Want to Ho all themselves. The small loan grou not in business for its Health—nei are the banks. The banks, whose di tors are manufacturers and merch are afraid they are going to lose co of labor if the laboring man is abl make a loan when he needs it. If banks can keep the laboring man "br the manufacturers can keep down w and the laboring man has no alterna but to accept those wages. If he make a loan he can be more indepen Don't let big interests "Hog" it all

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Oshkos

While the interest charged seems orbitant, the convenience and speed which one can get money when s needed is a big thing. One who no real estate and no one to whom could turn for help finds these loan fices a great help. It seems to me, the person borrowing must realize he must pay and if he does not wa pay the rate charged, then he need no loan. There is no one forcing p and as far as I can see the Loan might be replaced by something a deal worse. When you get dow "brass tacks" most Loan concerns

enty. They merely term it "Commis-on," etc. Perhaps the rate of interest ught to be lowered.

Milwaukee.

I have found this company a great lp to me when I was in need. Al-ough the interest is high. But where n a non-property owner go and get oney without a signer?

When I made a loan with these peo-e, I was out of employment my house nt went on I was too proud to let my vn folks know I hadn't my rent and rther more they need everything have emselves. How could I tell my land-rd I didn't have the rent. I knew I uld not go to a bank and make a loan ithout a signer. Well then I would ve to tell some one and that I didn't ant to do. I have always kept up my edit yet I was in a position I couldn't t a loan less I went to someone to gn for me. I knew when winter was er I would have employment again. nd with the loan I got from the loan mpany I could get by without letting yone know my business. And so there e lots of poor people too proud to tell ere friends the position they are in and e willing to pay for a little help over rough place. I read the add in the per I went to these people they gave e a loan without a lot of red tape, d I for one can say I thank them.

Milwaukee.

If there is any other service I can nder in connection with this matter, ease do not hesitate to call on me. I el that these companies are rendering genuine service and that if not inter-red with, competition will bring the tes to the proper level, if they are not ow there.

Milwaukee.

I have marked an X in the box where says yes I want the business to be ntinued, and I mean every word of it. s it gives the working man a chance u borrow enough from the Loan com-ny to pay up his bills and then all he is is the Loan Company to pay, and one plans its very easy. Its helped e out and I think its a mighty fine ing so I want them to continue their siness.

Appleton.

I would like to express my opinion, if ese small loan concerns are put out of siness where is a poor man going to t any help? as the law stands now a an can borrow from one to three hun-red dollars on his household goods here he couldnt borrow it in the banks ithout he had a good backer and we all ow how hard it is to find a man to ck you up if a man has bad luck and in need of money medeately where he going to get it not at the banks I as in one of our banks when a farmer me in to borrow five hundred dollars e was refused, right after him came a oung city man he wanted two thousand llars to start a business of his own e got the money now this farmer could ve security and I know it was good t the city man could give none be-use he was not in business yet what is is U. S. coming to the poor man and the farmer have no chance. Yours for success.

Milwaukee.

I am an old lady 65 years old and only have a few Boarders to depend on, and the Loan has helped me on different occasions. Last month when my sister died they advanced me more money or I could not have (gotten bye) they always have been very kind to me and if all the Loan offices were handled as the *mager* of that office does his people they certainly could not complain. I think it is a good thing for people that really do need money when absolutely necessary and keep up their payments as agreed.

Kenosha.

I most certainly do not think this system of loaning money should be discontinued. It is the best way the Middle Class has of borrowing money without having the fact made public property.

I personally am very much in favor of keeping our local firm of this kind in existence. It has done much for me.

Milwaukee.

Allow me to take this opportunity to express my views on this subject. I would say it is the greatest boon yet presented to the salaried and wage earning man to secure needed help without resorting to our so-called "charitable" organizations with their damnable inquiries, inquisitions etc. Need I say more? I am speaking from experience. The interest is no burden that I can see. What's wrong? Is some one in a precarious position as to his or her job? If so, I can guess who they are.

Cascade.

In regard to this letter I think that the small loan law is a wonderful thing. It helped us wonderfully in our sickness and trouble.

Milwaukee.

Why should these loans be discontinued. Why people that are not desirous of loaning money from these institutions they are not compelled to do so.

Besides many honest people can borrow a few dollars when in need, as a

LOAN OFFICES

WANTED

We will purchase for cash Individual Offices located in any state or a chain of offices. No Individual Office with an outstanding loan balance of under $40,000 will be considered.

Our resources are such that we can consider any number of offices or a chain of offices of any size ∴ ∴ ∴ ∴

Present management may be retained.

All replies held in absolute confidence

FIRST INDUSTRIAL BANKERS
INCORPORATED

First National Bank Building **BALTIMORE, MD.**

bank would turn them down because they may have lost credit in an honest hard luck way.

So as long as people whom are willing to pay the interest charged can borrow it here and stay on their feet by doing so and not go wrong because a bank refuses aid to honest people. Let these companies do their good work as usual. Are the banks causing this trouble it can't be the people.

Two Rivers.

In regard to your letter of July 8th, will beg to acknowledge I am a customer who does not want the law to be changed. So these offices must not go out of business. As this loan did me wonders when I was in need of it and I do not wish to see it stopped.

Milwaukee.

I do not know what I could have done were it not for the fact that a small loan was made possible. I was in dire need and with very little trouble I was helped thru the difficulty. Tho in many cases it may be abused and act as a boommerang on the borrower, I believe it to be the greatest immediate relief in succor that I have yet come across. With a big word for a big boost for the small loan law.

Duluth, Minn.

At the going rate of present wages for common labor it is impossible for a man with a large family to have enough money at hand for an emergency. When sickness comes around these loan companys are a great help to those who *must* have money.

P. S. A living wage for the family man and we will not need these loan companys.

Milwaukee.

No objection to name being made public if it will assist in any manner to maintain the present law governing small loans the laws as it now is has prevented many from seeking charity, and thereby maintain one's self respect.

Fond du Lac.

Please do not take away a good thing. I don't know what to do if we couldn't get money on small loans as this and I am sure people like us that is all we have to depend on where else could a poor labor man get money like that and I think it sure is most wonderful way and if it hadn't been for us getting money like that we would of lost our home when you think you lost the last friend in need and can think of a small loans like we got 2 different it sure makes you feel like a new person and the best thing about that is that no one know your busseness and I think that is one wonderful thing in City of Fond du Lac.

Milwaukee.

I would like to add that these small loan companys are very essential to people who must raise small amounts of money and have not got the necessary collateral to get it at a bank.

Milwaukee.

These small loan Company has helped many a poor family. It helped me so much and preciated it very much. These people of The ——— Loan Society Co. did not want to know our whole life history. They did not ask any questions from A to Z like those big concerns. These people are very commandating. Please do not try to push them out of commission for they helped many of us. I surely would have been on the street along time ago. I often tryed the large companys to get money even from banks, but there was to much red tape must have signers. These people didn't ask for it for everybody don't need to know your business affairs. That's was very nice of them. Off course we people must do the same to them by paying the dues and not neglect them or try to cheat them out of it by skipping away.

Madison.

This is a very good service and it is not forced upon the people to take this service unless they see fit which applies to all loans and rates of interest are in proportion to risk.

Janesville.

As I am a widow with 4 children and working every day I sure do want the Lone Company to stay in business as I think they are a great help to the poor people. I borrow to fix up my little home and the ——— Lone Co. has been very good to me. And paying back every month is not so bad.

La Crosse.

I am very much interested that the "Small Loan Offices" continue business. I am sure many people are helped and also pleased with the method of returning the sum. I am closing, with hope this valuable business continue.

Racine.

One reason I am in favor of the loan office continued is that I personally know of men who, if it were not for being able to borrow, would have been in very great trouble, garnisheed and so on. I borrowed money to pay off a grocer who was charging me from three to ten cents more on every article I bought of him. My principals are to never quit a man owing him. So I borrowed in self defence, one might say. And have saved many times the interest charged since getting the loan. It is just too bad that our worthy law makers havent something more important to occupy their valuable time. Have to meddle in what is none of their business. They are like the church member, who sends his dime to the far east and lets his next door neighbor starve under his eyes.

Milwaukee.

I think it a fine thing to have a place to go to borrow a little money *"honestly"* when in a tight pinch.

Edgerton.

I and every one who borrow money of Small Loan Co. realize we do pay high Interest. Much more than we would pay at a Bank. But it most certainly helps we who are on salaries to keep up our appearance and above all meet our bills, helps us educate our children and keep our self respect until our Sons & Daughters have completed their school work and can get positions to help us. I most surely hope that the Legislature will retain the Small Loan Law.

P. S. There are no such thing as Loan Sharks if one keeps up their payments. We have been treated very fairly and honest in every way. Please do not use my name. You may add another name.

Milwaukee.

At the time I needed the money I don't know just what I would have been able to do without a Small Loan Co. and I think there are thousands of people in the same predictment. Being a stranger here rendered me pretty helpless under the circumstances. Have heard people talk about the large interest they charge and etc. but felt that it was well worth it and appreciated the privilege very much.

Green Bay.

If the banks would loan money as readily and without so much red tape or in fact this includes any other financial Company that are in a position to loan money to us poor but honest working class, I think this Citizens Committee or Legislature would make a mistake should this law be repealed, it is sure a help to the above named class of working people.

Milwaukee.

I have found it a boon for a small wage earning man. The only way to get taxes, hospital money, interest, etc., is to borrow it and then hurry to pay it in larger amt. than the required amt. For those poor folks that get tough breaks so often there is nothing like it, better any time than asking relatives. You borrow the money, pay your interest, and need feel under no obligations to more fortunate relatives or friends.

West Allis.

In regards to the small loan question —I wish to say that even at the rate of interest allowed by law at present, it has helped me out wonderfully; and I am 100% for it. It helps a poor man in times of need to square up bad debts— when friends are far away.

Milwaukee.

Thank you very much for giving me an opportunity of expressing my idea on the above mentioned subject. I do so with the greatest sincerity for an organization operated as nicely as ——— Co. can be nothing but a decided aid to any one when it comes to a bit of "ready money."

Milwaukee.

I do want business to continue. It looks to me as if they want to drive working man out of Wisconsin.

Right now I need a hundred dollars if I went to one of banks and asked for it and I did not have a house and lot and take a bath every day they would call the door man and have me put out

Green Bay.

In regards to the small loan law I am nd I am not in favor of it. In this ay. The loan was mighty good to me s I needed money to pay a few honest lls I made through the winter. I am man that doesn't drink, having quit the ooze fourteen months ago. I find it etter this way. I was in hard shape aving had so many bills from when I as drinking. But now I am getting ong fine with the aid of the loan in the ring. But I can pay this little loan it is small and I wont feel or miss e small monthly payments. Therefore has done me good. Why didn't the nks do this for the people, before the an came it. I think they had the same ance. What I am not in favor of is loan money to people to buy cars with d let their children go without the oper care. The fathers are having a od time licking up the Moon or poison I call it. I am not saying that they not make their payment. Perhaps ey do. But they are depriving there mily of lots of good things. That is e reason I am and am not in favor it.

Milwaukee.

I believe there are other laws that ed looking into worse than a law that ll help a person out when in need. r instance, we bought about $700.00 rth of goods from ——— Furniture d got in arrears account of a contin- d bad luck, one thing and then another. hen we only owed a balance of $45.00 ey were ready to take the goods. Is at justice? We went to the ——— nance Co. and they gave us the money. Sorry to take your time to read this, t I had to say a word in regard to the estion asked.

West Allis.

Let me add the Small Loan has been great benefit to us. The interest is all compared to what we would have t without it, so I sincerely hope the w will be retained as it is the honest r man's best friend.

Racine.

I have found the small loan Company be a real friend in need. The banks too strict to obtain a loan from and use to help an honest working man, t because he lacks security and then y a certain kind. What should an nest man do when he needs financial istance? These Companies certainly a long wanted need and sure do help manity. The banks only serve a cer- n portion of humanity, and usually let common working man go to the Good rd in Heaven for assistance, and you ow as well as I that when you need ney badly you need it, and you are o willing to pay for this friendly as- tance. Wishing the Small Loan Com- ies success.

Milwaukee.

t sure did help me out when I was in d, and I am sure others think the ne as I do—only people who had hard- p can understand.

Milwaukee.

The only suggestion I would make is —Request the loan companies within a reasonable time to reduce the rate to 2½%. The Company I am dealing with is always willing to come half way in case of scarcity of money on short notice. They treat me fair.

Here is the other side of the question. I borrowed $50.00 from the old style loan a few years ago and on account of sickness in the family I could not repay in one sum. They fleeced me for 10% per 15 days (20% per mo.) and when they quit business they sued me for $50.00 although I had paid back 100.

Beloit.

I just wish to say I am very much indebted to these people. My husband is a carpenter and was out of work a few weeks last winter and we borrowed money for groceries and coal to keep my five youngsters comfortable and I surely am in favor of the business.

Milwaukee.

The small loan has been a very great convenience to me—since I have been married and before I was married and had a salary of my own teaching.

Manitowoc.

On a long term, the Interest comes high enough, on 60 or 90 days very reasonable.

Racine.

We feel that the Small Loan business should continue, any real man will use the loan in the right manner and will not spend it on foolish things. There are good men who has had a little misfortune, and a small loan helps to save him, and bring him back to the top again.

We say yes. Let a sound minded person have a little help if he needs it. It is good for business, and helps to help a fair minded man get a start for himself.

Milwaukee.

If this business is discontinued how in thunder is a poor working man going to borrow in case of sickness or other such hard luck? Of course the banks and money men don't care.

Milwaukee.

The interest charged on these small loans is excessive but by all means the law should not be repealed unless you have something better to offer in its place.

Will be glad to answer any questions you wish to ask in this matter as it is of vital importance to the working man.

Fond du Lac.

Our Loan Office sure did use me good so far also helped me when I needed it, nobody knew it.

Racine.

This Small Loans Law and Company's do us a lot of good even if the interest per year is quite high, but I must say you can get Several Hundred Dollars much quicker than at any of our Local Banks.

Milwaukee.

In reply to this letter will say that this Small Loan Law is a necessity in

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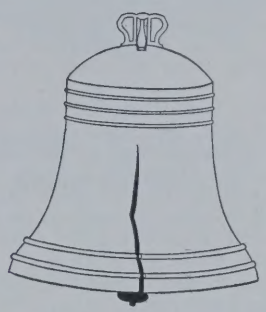

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this city. I have borrowed money from this concern and got very good treatment. But I fail to see how a big city like Milwaukee could get along without this small Loan Law. I personally think it's all right.

Sheboygan.

I wish to add a few comments on this question.

1st. I think that the small loan law is very good because it helps the poor people in many ways.

When I took a loan some time ago I was forced to do so on account of sickness. Numerous small accounts accumulated and my creditors were getting worried about their money. They were not satisfied with a dollar each pay day which was all I could give them. The loan paid them all, and everyone was happy.

2nd. I know that those dealer too are pleased with the small loan system.

By all means keep up the small loans. Naturally I would like to see a cut in the interest rates and I think that by increased volume in business it could be done, both then, the Loan office and the borrower would be pleased. It would be a saving to the loaner and be a success for the Loan office.

Keep up the good you have done.

You can use this letter as a testimony.

Silverdale.

This Company kept us from being put on the Street. What could take its place?

Milwaukee.

I am one that does not want a change I cannot understand why anyone but a shark, a bribe taker or giver would try to change it. The ——— Loan Co., are Heaven compared to the old Loan Sharks, which was Hell to all that had to borrow in those old days.

I wish I was worth a Million I would get some of best Detectives in this country and run down the bunch in Madison who are trying to knock out present Law. I think I would win. I am not ashamed to let anyone know I borrowed.

Madison.

The Small Loan Law is a God send to the ordinary Man, I am the father of seven children expect to send all my children through the university. Had a daughter, a son graduate with honors and another daughter finished her Sophomore year with 5 As. Have two children in high school, and one left in the grades. I carry $9000 life insurance. Earn $225 a month. And if I want to borrow $300 at a Bank they want some one to sign for you, fill out a questionnaire, leave your right eye. I never had a man sign a note for me, and am not going to start now. The Small Loan Law makes it possible for me to finance myself whenever the occasion arrives.

Racine.

Just a few lines, if it haden been for the small loan law. why we been living out in the street. They don't rent houses in Racine any more, thats if you have children. The poor people are forced to buy now, if they want a roof over their heads, and if you ain't got the money its pretty hard unless you have these small loan's to fall back on. Its done a world of good to us.

Milwaukee.

Many people take advantage of the small loan Companies method of making loans for the reason that they do not need an endorser. I for one, would rather pay a higher rate of interest than to have some friend obligated for my indebtedness, I believe in the statement that Judge Gary left to his heirs "never sign any Notes, nor obligate yourself in any way whatsoever, for the indebtedness of others."

Janesville.

I just want to say a few words in regard to the loan companies. I don't know what we would have done last winter, had it not been for our local loan association. My husband was out of work for three months and as you know expenses go on just the same. The money we borrowed was a Life Saver to us and we sincerely hope that these companies will not be discontinued.

Oshkosh.

I am more than anxious to give my answer yes in favor of the ——— Loan Association as we have found it just a wonderful Priveledge to be able to meet with a opertunity to Borrow Money on a small Base and we are more than thankful to have the Association at our service. And we gladly welcome them to our City. Can this letter be of any use to you. You may Read it where it is needed.

Milwaukee.

Writing a few line to you to let you know that we had good out of the small Loan. Give us a chance to pay all small bills.

Kenosha.

In regards to small loans I'll say there is no better way for a poor man of family or women then this small Loan Bank.

Let any other one try to make a loan at any other Bank, and see what they tell him about a loan.

They want about three times the amount in security and at least two or more signers and all got to be gilt-edged.

I have had the experiuns and know what I am talking about. These fellows at Madison propably never have been in a poor mans shoes.

Yet every man has his choice. You don't need to carry these small Loans the full length of time as you can pay them at any time; and cut your interest. *Let them live.* Or compell the other fellow who are propably behind this make the small Loans.

I have been through the Mill and I know what I am talking about.

Milwaukee.

Am very much in favor of the small loan Co's being kept up. I do not intend to make a practice of borrowing but don't know what I would have done just now had I not been able to borrow the $100 from your Co. As to my name being kept a secret, if it will be of any help to your Co. it is not necessary. As the only ones who need to be ashamed are those who do not Pay.

Brodhead.

Maybe you do not care to read a lett in connection with the enclosed inquir but I simply cannot resist expressin myself a little. I say "God Bless t Small Loan Companies!!!"

The Loan which we secured from Company of this sort, has meant so muc to us. Of course the interest is pret high, but it is a *whole lot* to be able secure money when you need it, son thing a poor person cannot do from "tightfisted" Bank. Yours for "Boos ing" the Small Loan Law.

Milwaukee.

I was operated and lying at the ho pital. Expense, $150. for Doctor, $75. for the Hospital. To do the right thin quick to both of them I borrow $150.00, in pay it back with $10.00 t month with interest.

It surely was helpful to me as would pay Doctor and Hospital at on The people are dissatisfied with yo loans, let them borrow the money so place else. It took 3 days to get t money from you and I am one of yo friends that surely appreciate your o ings.

Milwaukee

Better spend time and money, dire ing an intelligent use of money borrow than removing a source. "He who h can get—" and avoid charity.

Oshkosh

I see nothing wrong only it is a interest. But at times you know peo get in a pinch and such things as l offices is then only hope.

No. Fond du Lac

The small loan company sure hel me when I was short of money and I lieve if the money is borrowed for p ing up bills, it is a good thing.

Manitowo

This is a good thing for poor pe of this State.

Eau Clair

It's a wonderful help when in n

Beloi

A small loan to a working man m much to a working man. An ordi working man can't get any loans bank now days so why hog tie him gether? I see nothing wrong with finance companies. They are run u state supervision, why shouldn't they I have delt with the ——— Finance of this city and they sure have alw been on the square with me.

Milwauke

When there is death in the family in times of stress the loan Co's been a big help to me.

Milwauk

We sure where helped and don't k what we would come too if it h been for the Loan Co. Thanking

er and over again for helping us in ed. Stranger in a city and who would help us otherwise. "Who?"

Whitewater.

May I say a few words I feel that yes swerd to your Question is not the half it. The Company that let me have e money I ask for are the best friend man can have they ask no fool Ques-n and are on the level. I for one is r the company to go on and let the n that is in need of the money to let n have it.

Eau Claire.

I am in favor of the Small Loan's cause I was helped out when most eded without trouble. The only trouble erest being high but has to be over-oked when needed bad.

Milwaukee.

How much chance has the small man t to borrow money quick from the nk?
I needed this money for quick action pay a hospital operation bill.
I went to a bank, *nothing doing!*
I went to the Boss, to sign for me, *thing doing!* I went to a Loan Clerk, d got it in 1 hour, $150.00 in check.

Eau Claire.

These small Loans are necessary for r imergency and we think mostly are ed only for that purpose.

Milwaukee.

It is just dam foolishness to interfere th a law that works good for all of us or devils.

Appleton.

We feel that the Small Loan Law has en a wonderful protection to the needy or, and now, are we to be deprived of s "helping hand"? I fail to see how could have harmed anybody, I have ways been glad to pay their lawful te of Interest in time of need.

Sheboygan.

The rate of interest is too high, but a n that would pay back an honest debt a bank, has an awful time getting any oney, and is glad there is at least a ace where he can go when in need, re-rdless of cost.

Oshkosh.

Due to the fact that only 15 per-nt of the people in the state are al-ved to get money from the Bank's with indorcer I think this small loan law ould be retained.

Racine.

It is a life saver to many a family.

Superior.

I prefer to let the small loan business ntinue as it is nice to have a chance to t money without trying to borrow from ur friends and if you do not need it u do not have to borrow it therefore ey will go out of business themselves.

Duluth.

My personal opinion gained from late experience is: The independent loan-shark, like we have so many here in Duluth taking advantage of a mans misfortunes, by charging inhuman compensations for a small loan on a short time payment plan; should by all means be exterminated. But the Company in Superior to which you have referred is run on very different principals, and until a better way is provided to meet the needs of the unfortunaters, I think they should be allowed to continue their business.

Janesville.

To the person trying to own their own home and fix as they go or on payment and run no bill a small loan great help. Because just as we do pay every pennie we have over on some old bill and keep everything paid as we go beside we don't have much left for extra's and unexpected.
Not long ago we had word three familys were coming for week end. So much rent sleeping quarters and extra eats so must have $10.00 more. Bank don't like to loan that amount. To who can one go.

Wausau.

The law as now in effect is the greatest boon that could be given the man who gets in need of ready cash.
When a man comes to any of these loan companies, he needs cash at once and needs it badly.
The ease with which the loan company furnishes the money makes the interest charge a trifle.
I know of cases where parties would have had to lose a great deal by selling property at loss if it were not for one of these loan companies.
This law should not be changed.

Kaukauna.

Hoping our vote will help. Our loan saved the life of myself and Baby.
I think your Company has given us a square deal.

Antigo.

We have found this plan of borrowing a great help, and we think if there are any who think they can do better they can do so and leave a chance for the rest of us to get help if we need it.

Sheboygan.

Yes, I believe it should be continued—if the state cannot provide a better and cheaper way of taken care of loans to reputable people—who are temporarily up against and cannot borrow at the banks. The loan I made meant everything to me and I could not have borrowed at a bank—and I am meeting my payments right on time—banks should get into this small loan game at say about 10 percent—their present overhead would be so low that they certainly could do it at a much lower rate than Loan Co's and still make money.

West De Pere.

I have often wondered what would have happened if I had not taken advantage of the small loan allowed by law. Last summer my wife was taken

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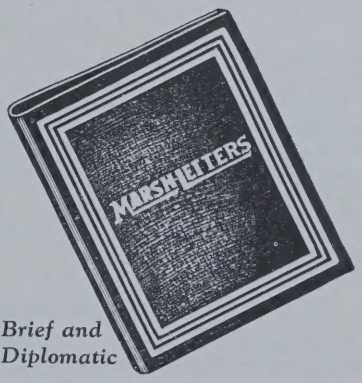

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seriously ill and spend the biggest part of the summer in the Hospital which cost me $3.00 per day, the doctor also cost me $3.00 a day. I had 6 children at home I had to hire a housekeeper also a hired man. The loan was a godsend although when I have it paid up I hope I do not have to take advantage of it again, because I think the interest is too high 3½% on the unpaid balance monthly amounts to between 30 to 36% annually.

Stevens Point.

We are perfectly satisfied with small loans law as it is very convenient, also like their system of doing business and law should stay as it is.

Brooklyn.

It seems to me if it were not for this law there are a lot of poor people who would be unable to borrow money in times of stress for you know most of these can not borrow at the banks.

The Companys should be well supervised of course.

Green Bay.

I want the business to be continued, unless some better plan can be devised to meet the emergency needs of the poor.

Waukegan, Ill.

If it had not been for a small loan Co. to whom I could go in an emergency, I would not know what to do. That is why I am in favor of their continuing business.

Green Bay.

I think it is very convenient to be able to borrow small amounts as no one is forced to do so unless something happens where ready money is needed. It is not easy for any one to borrow from banks unless some one endorses your note and I hate to ask any one for the help.

Although I think the interest is high on these small loans—but some times we must borrow even at that.

Kaukauna.

I just don't remember who the man is thats bringing this bill up but I can tell you this much that I don't think very much of him and that's plain English too. And it seems funny to me any time there's a bill brought up that will hurt the rich man they send up an awful ballyhoo but when its a bill to hurt the poorer class of people why you don't even hear a whimper. I hope they keep the loan as it now stands so we poor people can make a small loan anytime and pay it back as we now are.

Milwaukee.

I would only like to mention the fact, that I am constantly working in the poor districts. I would like to state this, that of all the Welfare cases that come to my observation I have not had a single family that was in destitute circumstances, on account of the loan companies, but many on account of installment buying from the stores. I should say if any action should be taken, it should be taken in the direction of Installment buying, not installment loan companies. This statement out of experience and observation. Thanks for this opportunity to express myself.

Typical Voluntary Letters Favoring the Stopping of the Small Loan Service

These letters are printed here as they were written. They have not been edited except as it has been necessary to eliminate words that would serve to identify the writers.

Sheboygan.

The Wisconsin State Legislature provides Banking Institutions, and protects the well to do from unjust high interest rate. At the same time prohibits these Institutions from helping the poor Individual. There is surely a way can be provided where a poor person should get help at no more expense than the rich are paying.

The Installment Plan Business competes with other regular Business, must provide collectors also, and there is NO EXCUSE, that these small Loan Companies should skin a poor Fellow alive.

Eau Claire.

This small loan law is a fine law for just such men as myself, if the Interest can be such that it dont cost 40%-45% if you Gentelmen can fix the Interest so that it would be even 20% I would vote yes.

Racine.

We appreciate the convenience but interest is too high.

Menominee.

This Finance Co. did not ask me to borrow money from them it was my own will.

But they should not be allowed to charge over 10% interest per Dollar per year.

Milwaukee.

It could stand plenty of changes. It could be called a necessary Evil. WHY DON'T OUR BANKS WANT TO HELP US?

Eau Claire.

I received your letter regarding the small loan law being stopped or continued. As for myself I would just as soon see it stopped. My idea is that the government should see that the poor man can borrow on the same security required by the small loan Company, for less interest than they charge. My idea is that a poor man ought to be helped to borrow at the legal rate of interest or a little less rather than having a loan Company that can demand 42% interest as we have in Eau Claire. I think it is robbery an injustice to the poor man. I am going to have my idea published in the Voice of the People in our local news Paper.

Green Bay.

We would rather borrow from the bank and will hereafter, if we should ever need money again, but we hope we never will. We have to work too hard for our money and we don't feel that we can afford to give it away.

Sheboygan

I much prefer to borrow money fr a bank.

Racine

I think the business of small lo should continue, but not as it is at pr ent, that is at 3½% per month. I th it would be a good thing if there wo be a reasonable amount of interest, way it's now the loan companies are j making a lot of money for nothing.

SMALL LOAN BIBLIOGRAPH

The Facts About the Small Loan Bu ness, and the Scientific Rate of F Charges, by Reginald Heber Smith. per copy.

The Trend and Progress of the Mo ment to Improve Small Loan Conditio by Arthur H. Ham. Booklet form, per copy; de luxe edition, 10c per co

The Philosophy of the Uniform Sm Loan Law, by Walter S. Hilborn. per copy.

The Need of Adequate Small L Legislation, by Walter S. Hilborn. per copy.

The Small Loan Act, by Walter Hilborn. 10c per copy.

Weathering Rainy Days, by L Henderson and Rolf Nugent. 10c copy.

Year Book, National Convention P ceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a ye 10c per copy.

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General Form, Uniform Law. 5c copy.

Putting the Heart Into the Chattel, Hon. Chas. J. Orbison. 5c per copy.

The Development of the Industr Loan Business, by Hon. A. R. Robins 5c per copy.

Illinois Supreme Court Decision. per copy.

Pennsylvania Supreme Court Decisi 5c per copy.

Ohio Supreme Court Decision. 5c copy.

Map Showing states having anti-l shark legislation. 5c per copy.

The Future of the Small Loan Bu ness, by Dr. F. W. Ryan. 5c per copy

The Personal Loan Companies, by F. W. Ryan. 5c per copy.

The Significance of the British Mo Lenders Act of 1927, by Dr. F. W. Ry 10c per copy.

Some Prominent Men on the Neces for Industrial Banking. 10c per copy

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Legal Survey, compiled by Indiana L. A. $3.00 per copy.

Roster of Licensees, compiled by diana I. L. A. $1.00 per copy.

Opinions of Importance, compiled Paul V. Hough. Price $2.00 per cop

Usury and Usury Laws, by Dr F. Ryan. $2.50 per copy.

Pamphlets:

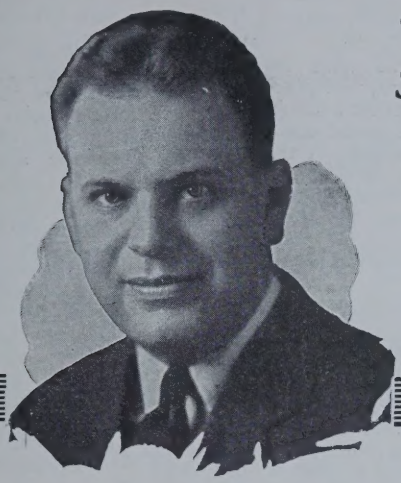
An Address, Re Industrial Loan Bu ness, by Senator John Dailey, Peoria,

Modern Scientific Efficiency and Business of Industrial Banking, by Ch G. Mueller, Philadelphia, Pa.

Building Your Business on Good W G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Muel Philadelphia, Pa.

(Concluded on page 12.)



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SMALL LOAN BIBLIOGRAPHY

(Concluded from page 10.)

The Industrial Loan Companies' Part in the Readjustment, by W. G. Stevens, Detroit, Mich.

The Advantages of Membership in State and National Industrial Lenders Associations, by E. F. Moore, Philadelphia, Pa.

Industrial Lending as a Community Asset suitable for a lecture before public welfare organizations. Ten cents per copy.

How to Organize a Lenders Exchange Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, by Elizabeth G. Stern.

Report of the Interim Committee of the Minnesota House of Representatives on Small Loan Legislation. Ten cents per copy.

Please remit cash, money order or check for any of the above articles desired, to the American Industrial Lenders' Association, Box 778, Harrisburg, Pa

NATION-WIDE CHAIN IN BANKING SYSTEM OPPOSED BY P. B. A.

Maintaining that unit system of banking is the proper method of conducting financial affairs in the United States, the Pennsylvania Bankers Association is prepared to enlist its efforts against any plan of nation-wide chain banking that may be proposed in the future. This was plainly indicated at a meeting of the association's Council of Administration yesterday in the Bellevue-Stratford.

A discussion of the subject of nation-wide chains of branch banks was precipitated at the meeting by the reading of excerpts from an address made recently by Congressman McFadden, of Pennsylvania, before the Illinois Bankers Association. In his address, Mr. McFadden, who is chairman of the House Committee on Banking and Currency, discussed the failure of country banks to keep abreast of modern banking methods. He also commented upon the recent trend of banking institutions away from the national system to do business under State charters.

The power to change this trend, Congressman McFadden said, was in the hands of Congress through the passage of laws permitting nation-wide branch banking by national banks, by the removal of taxes on national banks, and by confining the handling of interstate financial transactions to national banks.

Zimmerman Starts Discussion

C. F. Zimmerman, secretary of the association and president of the First National Bank, of Huntingdon, read the remarks and said that the recent discussion with regard to nation-wide chains of banks was indicative of what the bankers of the State might be called upon to consider in the immediate future. He referred to the Bank of Italy of California and its huge chain of banks, and said that it was the general opinion that that institution had in mind the establishment of a nation-wide chain. "I believe," Mr. Zimmerman said, "that I am voicing the opinion of this entire association when I say that we are in favor of the unit system of banking against any nation-wide chain plan."

He then said that the association must be prepared to combat any effort that may be made at the next session of Congress to permit nation-wide branches by national banks.

Mr. Zimmerman's remarks were indorsed by Harry B. McDowell, vice president of the McDowell National Bank, Sharon and president of the association; Carl W. Fenninger, vice president of the Provident Trust Company, and C. J. Kirschner, vice president of the Markle Banking and Trust Company, Hazleton. Mr. Fenninger is chairman of the trust company section of the association.

Small-Loan Business

An indication that the small-loan business has been placed on a sound basis was given at the meeting by the reading of a letter written by State Secretary of Banking Peter G. Cameron in reply to an inquiry from Oklahoma as to the working of the new law in this State.

"The small-loan law," Secretary Cameron said, "does not furnish banks any competition.

"I can say with confidence that the Pennsylvania Small Loans Act has positively eliminated the loan shark.

"In conclusion I also wish to say that fully 40 per cent of our Pennsylvania licensees have not found it necessary to charge the maximum rate of interest permitted by the act. The rates charged by these licensees scale downward from 2½ per cent per month. The 3½ per cent rate is used mainly by those licensees with small capital and those that lend to persons lacking other than a moral obligation to repay their loans."

All Working for Haas

The meeting was informed that friends of Harry J. Haas, a past president of the association, were working actively in his behalf to obtain the election to the second vice presidency of the American Bankers' Association at this year's meeting in San Francisco, "with every indication that the outcome will be favorable. Mr. Haas is vice president of the First National Bank.

Upwards of thirty bankers from all parts of Pennsylvania were present at the meeting. Mr. McDowell presided.

Reports were read by the following chairmen of committees: Walter K. Hardt, Philadelphia, foreign trade; Mr. Fenninger, trust company section; Paul B. Detwiler, of Philadelphia, educational activities; W. S. McKay, of Greenville, agricultural development; Walter W. Wilson, of Milton, vice president of the association; rates of interest on savings deposits; Clark Hammond, of Pittsburgh, budget; E. B. Coll, of Pittsburgh, protective information.

Mr. Hardt's report disclosed that the Foreign Trade Committee is actively cooperating with the Philadelphia Chamber of Commerce, the Port of Philadelphia Ocean Traffic Bureau and the Philadelphia Progress Fund in efforts to further increase the business of the Port of Philadelphia. He also said that while the export business of the country was holding up well, there had recently been a very substantial increase in imports so that the balance of foreign trade is now against the United States. This condition, he said, was due to stocking up by importers in anticipation of tariff increases.

INDUSTRIAL LOAN CORPORATION STOCK IS OFFERED TODA

Clarence Hodson & Company, Inc., a offering 50,000 shares of preferred sto Series A and 25,000 shares of comm stock of the Beneficial Industrial Lo Corporation in units of two shares preferred and one share of comm priced at $125 per unit. The prefer stock Series A, without par value, is titled to cumulative dividends at the nual rate of $3.50 per share, and to per share and accrued dividends in ev of liquidation. It is redeemable in wh or in part at $52.50 per share and accr dividends. The board of directors adopted a dividend policy of $1.50 share per annum on the common sto and the initial dividend at that rate (the period from the date of consolidati May 9, 1929) has been declared paya July 31, 1929, to holders of record J 10, 1929.

Proceeds of the offering will be used increasing operating office facilities of 250 industrial loan offices owned and erated by the corporation, and in incre ing capital available for use in the bu ness, and in acquiring interests in ot financial organizations when advisa Additional shares of the authorized ca tal stock of the company may be iss in the future for cash or property.

The company's business consists in s plying the credit needs of small borr ers constituting, it is estimated, more t 80 per cent of the total population of country, who ordinarily do not have cess to the credit facilities of commer banks.

LOVING CUP TO BE AWARDE AILA GOLF CHAMP AT VALLEY FORGE

The golf game scheduled to be held Valley Forge, Friday afternoon, S 19th, has aroused considerable inter Golfers have registered in sufficient nu bers to justify a tournament. Every who plays will automatically become contestant. Your regular club handi will be granted you or if you're a ginner the committee will set a fav able handicap for you. The player co pleting 18 holes in the least number strokes will be declared AILA GO CHAMPION and an appropriate lov cup will be presented to him as proof his victory. This cup is yours—if win it.

If you have not as yet registered the golf game we suggest that you do immediately. Incidentally, there is so talk of a special prize for the cl making the worst score so that no mat whether you win or lose you'll win.

DR. BAKER WILL BE LUNC EON SPEAKER

Dr. Hugh P. Baker, Manager of Trade Association Department of United States Chamber of Commer has accepted an invitation to speak the delegates to the 15th Annual A. L. A. Convention luncheon on Wedn day, September 18th. Dr. Baker is international authority on trade asso tion relations and is possibly the b man in America to talk on the selec subject, "The Business Man and Trade Association." We know that Baker will pass on to the Associat many valuable pointers.

GEORGIA

A meeting of the Georgia Industrial Lenders Association was held at the Dempsey Hotel in Macon, Georgia. Professor H. Lewis Batts of Mercer University gave a very interesting talk on Community Service. Colonel Henry Grozier, prominent Macon attorney and enthusiastic supporter of the small loan business made a few remarks. P. H. Anderson another prominent citizen of Macon was present and entertained us with a number of jokes.

C. F. Moore and M. F. Dobbyns of the Beneficial Operating Bureau were pres-

Fourteen members of the Association attended and there were three new officers elected to membership giving a total of twenty-six members now. The new offices coming into the Association are the Georgia Cash Credit Corporation, Rome Georgia. The Georgia Cash Credit Corporation, Athens, Georgia. The Georgia Cash Credit Corporation, LaGrange, Georgia.

There were two papers read, one by T. G. Wilson, of the Household Finance Corporation, the subject being "Are Exchange Bureaus Necessary, Are They Helpful to Lender or Borrower?" The other by T. E. Winslow of the Personal Finance Company of Savannah, Georgia, the subject was "What Kind of Advertising Does Our Business Need?"

After the reading of these papers a spirited discussion was entered into touching upon the points brought out in the papers.

Our president, R. R. Lanham, was appointed to represent Georgia at the National Convention in September.

Our next meeting will be held in Atlanta, Georgia, October 25th.

CHAS. T. DISMER, *Secretary.*

THE KIND OF ADVERTISING THE LOAN BUSINESS NEEDS

BY T. E. WINSLOW

It is my opinion that the kind of advertising that this business needs is that which will do two things to the public—teach them to distinguish between our legitimate loan business and the loan shark, and, raise the status of our loans in the eyes of the higher class of people.

It is generally conceded that a campaign against loan sharks hurts us just as it does the loan shark, for the reason that the general public thinks all companies charging a rate different from the bank rate are loan sharks. As long as this condition exists our business will not be recognized as a respectable business. The question now naturally arises as to how this may be best accomplished. The solution of one of the problems is the solution of both of them. Let us have the public once firmly fix in its mind the fact that we are not loan sharks and the status of our business will at once be raised. Also from the other side of the question, let us raise the respectability of our business in the eyes of the public and we will no longer be confused with the loan shark. These apparent facts have been discussed pro and con every time we started this business and work along these lines has been done no doubt but there is ample room for more. Each of us here have attended meetings and have entered into ways and means of raising our business on the level where it belongs but how many of us have gone back to our various loan offices and actively tried to influence the public by educating it. True we have attempted to sell those people who walked into our office, the majority of whom were already sold before they came there, but I think that you will agree with me that we have not all gone out into the *field* of the public to convince every man, whether he be a potential borrower or not, that we are here because we are needed and that we should be justly allowed to remain here without interference or unjust accusations.

To accomplish our aim we must each convince his own community, and the cumulative effect of each man having his town or community in the line of cooperation, will first sway each state and then the nation. The public will be led by the leaders in the civic clubs, in the Chambers of Commerce, and the courts. This shows us then that we must convince these leaders that we are right and the majority of the public will follow. We will find these mentioned leaders in the various organizations I have named, so let each loan manager associate himself with these organizations, and be right on the ground when they meet, eager and ready to be friendly and explain our business. You will soon find that the big men will lose their antagonism and the smaller men will say, to themselves, "If this leader says they are good men, doing business fairly, then I will believe them."

Remember always that we have nothing to hide. We are not trying to pull the wool over any ones eyes. We are trying only to educate and to show the real truth. The antagonism we meet is not caused from hate. It is caused from ignorance, and let us dispell this ignorance and we will show no worry of adverse legislation or concern from attacks of illegitimate lenders. The public itself will look out for us if we can just show them what we are about.

I close my paper with the opinion that it is not newspaper advertising, or magazine advertising that we need, but personal advertising by each of us. We will do far more by teaching members of our community that we are right, than we will by broadcasting printed matter. Any one can do this be he a needed organization or not, but only the worthy organization will meet the public personally and answer any question asked.

Associate yourselves with the men whom everyone knows are doing respectable businesses, and your business will obtain respectability also. When the leaders in your city meet for business or social reasons, be there and you will be classed with the leaders. In this class you will receive an audience from the public and will have the opportunity to teach your beliefs and to show that your company and your business is an organization serving the public and doing it fairly.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia and the New Method Loan Co., Springfield, Mass. Information upon request.

ARE EXCHANGE BUREAUS NECESSARY IN THE INDUSTRIAL LOAN BUSINESS? ARE THEY HELPFUL TO THE LENDER OR BORROWER?

BY T. G. WILSON

For the benefit of those who do not have an exchange bureau, I will relate how the Atlanta Exchange Bureau is operated.

When the Atlanta Exchange Bureau was first organized in 1924, it was operated for a period of about two years as a private exchange, with the different loan companies getting only the information which was on record by the various companies. When same was organized, there were seven members that made a list of the names and addresses of all their customers and same was filed under a code number. From that date on, all applications were cleared through the Exchange Bureau, to see if any other loan company had them, before making the loan, and if a customer was found to be doubled, the company receiving the application could not make the loan without paying off the other company. For several months, we found that there were numerous accounts that owe other companies, and some of the customers even denied this, saying "It must be someone else by the same name."

After about two years, the members of the Atlanta Exchange Bureau got together with the Credit Service Exchange and agreed upon a basis for Credit Service Exchange to handle the clearing of applications, turning over all the Atlanta Exchange Bureau's information then in their files, in exchange for other credit information that the Credit Service Exchange might have on any of the member's accounts.

At present, the party clearing applications will call the Credit Service Exchange and give their code number and the name and address of the party that they wish to obtain information about. The operator will immediately go through their files for any information they have about the applicant, whether the rating is with another loan company, or different mercantile establishments. Since the organization of this exchange, the borrowing public has learned that they cannot obtain more than one loan of the same nature, and most of them now will tell you when you ask them, whether or not they have a loan with another company.

Some of you may say "How about the Morris Plan, or other endorsed note or automobile companies?" In reply to this, it is my belief that if all of the different kinds of loan companies were members of the Exchange Bureau, it would be better for all concerned, however, by operating in connection with the Credit Service Exchange we get ratings from the different endorsed note companies as most of them clear their applications for the benefit of the mercantile reports on file in the Credit Service Exchange.

They pay so much per report for this service, instead of a flat amount each month, as charged the regular members of the exchange bureau.

There are two particular instances which I recall that took place in Atlanta just before the organization of the Exchange Bureau, which cost several different industrial loan companies a considerable amount of money. These two instances I speak of, are very well remembered by the Atlanta members present. Two different parties borrowed to the extent of about three thousand dollars from several different companies. One of them finally paid his account out, in about two years, through an arrangement made by his employers, after the different loan companies had made a rebate of most of their interest. The other party has never paid out to the present date, and never will. Some of the companies he owed have charged the account off their books.

Answering the questions on this subject, I will state from experience, that Exchange Bureaus are necessary in the industrial loan business. They are helpful to both the lender and borrower. It prevents the fellow who is inclined to overloan himself, from borrowing from different companies, which usually results in a loss and gain account, when a customer becomes overloaded.

Had there been an exchange bureau in operation in Atlanta at the time of the two above instances, they would have been prevented, and would have saved enough money for some of the loan companies to have paid their dues in the Exchange for more than a year.

MAINE

The meeting of the Maine Industrial Lenders Association was called to order at the Graymore Hotel, June 13, 1929 at 6:30 P. M.

Minutes of the previous meeting were read, approved and ordered placed on file.

The secretary's report was read, approved and ordered placed on file.

The treasurer's report was read. This included two attorney bills which were not approved but were tabled until the next meeting.

The Membership Committee reported that they highly approved having the Chairman appoint every member of the Association on the committee to contact some non-member at a distant point with the purpose of inducing that non-member to join the Association.

Legislative Committee. The Legislative Committee gave a full report with respect to bills presented during the last session of the Legislature and what results had been accomplished. Attorney Cannell gave a very interesting talk on the subject as he was in attendance at the last legislative session.

The following officers were elected for the ensuing year: Charles J. Bernstein, chairman; E. M. Small, vice-chairman; Wesley M. Snow, treasurer; Carleton S. Speed, Secretary.

Those in attendance were: Wesley M. Snow, Portland; Carleton S. Speed, Beneficial Loan Society, Portland; Attorney Harry Cannell, Portland; Mr. Moore, Home Finance Company, Portland and Bangor; Charles J. Bernstein, Eastern Loan Company, Bangor; Joseph Gendron, Lewiston, Maine; Robert B. Fraser, Beneficial Loan Society, Waterville; Virgil Houle, Lewiston, Maine; Edward J. Lennon, Portland; A. G. Rowe, Personal Finance Co., Bangor; E. R. Files, Personal Finance Co., Augusta; A. E. Robichaud, Personal Finance Co., Biddeford; G. L. Skillin, Lewiston; E. R. Small, Lewiston, and the Messrs. Zimmerman, Dolliver, Christensen and Kichline of the Beneficial Operating Bureau, New York City.

The Chairman appointed the following committees:

Membership Committee: Edward J. Lennon, Portland, Chairman, A. G. Rowe, Bangor; V. Houle, Lewiston.

Vigilance Committee: Charles J. Bernstein, Bangor, Chairman; W. M. Snow, Portland; E. R. Small, Lewiston; A. E. Robichaud, Biddeford; A. G. Rowe, Bangor; E. R. Files, Augusta; R. B. Fraser, Waterille.

Legislative Committee: A. G. Zimmerman, Chairman; Charles J. Bernstein, Bangor; Mr. Moore and Wesley M. Snow, Portland.

The Chairman appointed the following committee to contact members with respect to raising funds for the treasury: Charles J. Bernstein, Mr. Moore, J. Gendron, R. B. Fraser, and E. R. Files. All other members who were in attendance made their pledges.

A. G. Zimmerman gave a very impressive talk with respect to having every member assist the Vigilance Committee to police the business and to lend their support to members of the Membership Committee so that every licensee in Maine will become a member of the Association. He also talked on other interesting points with respect to the industrial small loan business.

Attorney Harry Cannell gave a very interesting talk on small loan legislation.

Allen K. Dolliver of New York City, gave a splendid talk on advertising.

C. S. Speed, *Secretary.*

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

LEO S. ROWE, Director General, Pan-American Union, Washington, D. C., says:

"The most complete analysis of the usury problem which has yet appeared."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

OHIO

The 1929 Mid-Summer Convention of the Ohio Industrial Lenders Association held at Cedar Point, July 24-26, was one of the most successful that we have ever enjoyed. In the first place all of our members were feeling that the business in which they are engaged now occupies a much more secure position than heretofore and also feel that they have made no mistake in selecting Walter W. Hamilton of Columbus as President, to the d of which office he is giving his entire and attention.

Approximately two-hundred and registered for the meeting. The regi tion was in charge of Fred G. Rine manager of the City Loan & Sav Company of Fremont, Ohio.

A novel feature was introduced to courage prompt attendance at the se sessions. Each registrant was give book of tickets; one for each mee to which ticket was attached a stub all bearing the number of the regist These tickets were deposited in a ha the door and promptly at the hour set the session a drawing was had and numbers were drawn for men and ten the ladies. These ten were then shu and drawn one at a time and the las the ten standing on his or her feet as case might be received a valuable p We found it one of the happiest m of bolstering attendance and prompt yet devised and at the same time it b the ice nicely for each session and ca a lot of merriment. Genial Joe Dyer his number called at almost every ses and it was quite evident that he fa to make proper arrangements with committee, for each time he was spe down.

Colonel Franz S. Blue of Toledo, general chairman of the Convention C mittee and presided at the opening of Convention and introduced President e W. W. Hamilton who thereupon deliv a masterly address showing his k knowledge of the loan business gener and setting forth some of his views a the proper conduct of the state organ tion. On Thursday he was remembe by a scroll from the State Association was awarded the degree of M. S. an the same time the Dayton Indust Lenders Association presented him handsome memorial on behalf of splendid conduct of recent legislative m ters in Ohio.

Thirty-seven new members were ceived into the organization since Janu 1st, bringing the total membership to t hundred and twenty-two.

To go into detail as to the addre which were delivered would make account entirely too lengthy. Most these papers or addresses will be rep duced in the *Ohio Industrial Lend News.*

Much credit is due to C. C. Wood and his most efficient committee who w in charge of the festivities on Thurs evening when the dancers made merry the spacious dance hall at Cedar Point

We were honored by the presence Messrs. Terry-Bundy & Dawson of State Department; William Racey, Sec tary of the Brotherhood of Railw Trainmen of Sandusky; Honorable Gr Ward of Columbus; Judge Emm Jackson, manager of the Dayton, O Better Business Bureau; Frazer Rea of the Commercial Savings Bank & Tr Company, Toledo, Ohio, and C. R. O Jr., district manager of Haskins & Se Certified Public Accountants of N York City. Then there was Rudy A derheide and Mr. and Mrs. W. A. Zum of Indianapolis and M. Bloomberg Terre Haute, India.

Our next meeting will be held at C lumbus, Ohio, on January 22, 1930. hope at this time to have more of national officers present.

J. Fred Anderson, *Secretary*

AILA Convention News

15 PHILADELPHIA, SEPTEMBER 18, 19, 20, 1929 No. 3

illy Buck Presents "A Slow Nite in the Quaker City"

your ears back and hold tight. This thing looks like it has a 120-mile speedometer on it. The name sounds too innocent to be trusted

ADELPHIA, July 30 (*By Special Correspondent*)
ys, things are looking up. The plot thickens. convention is getting doggone interesting. I'm flit and a-flutter to tell you about the new de- ments for the shindig on Wednesday evening, ember 18. Billy Buck got himself an idea. in itself is commendable but what makes the notter than an upper berth Pullman is that the son- gun refuses to let us in on etails. All he says is that ecided just a plain dance Vednesday evening wasn't to do justice to the boys have registered from Se- and points east, so in ad- n to and along with the e he is going to throw a that will give the visiting ates a clear and lasting ession of a typical slow n the slow Quaker City of Philadelphia. To tell the truth, I don't know whether to advise you to bring pillows so you can sleep through part of it or smoked glasses so you won't lose an eye. Personally, I'm not coming to the convention to catch up on sleep so I'm NOT bringing pillows. I will say, however, (in absolute confidence) that I've asked Bill Buck for the job of chief stage-hand. I'm that way, y'know. Always unselfish—taking the jobs nobody else wants and all that.

P. S. (Also confidential). If any of you guys want to get in on this stage-hand racket, let me know. But if you're married don't let the wife in on it. Tell her you've been appointed on a very important commitee. Maybe I'm barking up the wrong tree but if this show of Buck's is what I've got it figured out to be you'll like this job.

P. P. S. Gentlemen under fifty need not apply. This job calls for experience.

Courtesy Conventions and Exhibitions Bureau Philadelphia Chamber of Commerce *By permission of Fairmount Park Art Association*

NEW ART MUSEUM

Please Register Early

rry Gatter—he's the chap in charge of Registration— to know just about how many will be on deck Sept. You know, a convention is a good size job to wrestle There's always that question of "How many shall epare for?" The quality of conventions has to be l on a quantity basis. That's especially true of the g one in Philadelphia because of the many new and features which are being provided for your entertainment. It will help the Committee and assure you a better convention if you will give us an indication as to whether or not you'll be with us. This won't obligate you in the least—you can change your mind one way or the other when and as often as you wish.

Would you mind filling in the coupon below and mailing it to our friend Harry. Send it even if you have to report zero attendance from your office.

RY GATTER,
555 Germantown Ave., Phila., Pa.

There will be ..... men and ..... women (including wives, etc.) from this office to attend the 15th Annual Convention—Philadelphia, Sept. 18-20.

Company name .....

Address .....

City .....

MASSACHUSETTS

The Quarterly Luncheon Meeting of the Massachusetts Industrial Lenders Association was held on July 17, 1929, at Salem Willows, at which 17 members were present at an open air meeting.

Members Present as Follows

D. J. Cote, Personal Finance Co., Cambridge; A. G. Zimmerman, Beneficial Operating Bureau, New York, N. Y.; Alan J. Dolliver, Beneficial Operating Bureau, New York, N. Y.; M. Greenman, Van Dam Loan Co., Boston; John C. Thurner, N. E. Equity Corp., Boston; Arthur Nesmith, N. E. Equity Corp., Boston; H. W. Morey, N. E. Equity Corp., Taunton; A. J. O'Brien, N. E. Equity Corp., Taunton; S. Michelman, Northampton Loan Co., Northampton; H. J. Levensohn, Beneficial Loan Co., Dorchester; H. A. Parnes, Ideal Finance Assoc., Waltham; M. W. Newman, Ideal Finance Assoc., Boston; E. L. Hurd, Beneficial Loan Society, Inc., Boston; Wm. W. King, Personal Finance Co., Malden; D. J. Wholey, American Loan Co., Lowell; W. H. Hearne, Jr., Personal Finance Co., Somerville; Mr. Martin, Industrial Bankers, Inc., Waltham.

After partaking of Chase's wonderful shore dinner the members retired to a secluded spot on the beach for the meeting which was called to order at 1:50 P. M., by Chairman Wholey.

Order of Business

Roll call was dispensed with.

Reading of the minutes of the previous meeting by Secretary.

Motion made and seconded that the reading of the minutes be accepted as read. It was so voted and accepted and placed in the association records.

Report of Officers

Chairman Wholey—no report at this time.

Secretary reports 62 membership.

Treasurer reports all bills paid with a substantial balance in the treasury. Motion was made and seconded that the Secretary and Treasurer's reports be accepted as read and placed on the association records so voted.

Legislative Committee

Mr. Zimmerman, Chairman, reports everything is functioning properly. Motion made and seconded that the Legislative Committee report be accepted and so voted.

Grievance Committee

Mr. Zimmerman, Chairman, reports that no complaints have been brought to his attention for this meeting.

Motion made and seconded that the Grievance Committee report be accepted and so voted.

Membership Committee

Mr. Wholey, Chairman, reports no applications for membership have been received for this meeting. Motion made and seconded that the membership committee report be accepted and spread on the minutes of the meeting.

Unfinished Business

Committee on revision of By-Laws, Mr. Wholey, Chairman. This work having been accomplished, it was so voted to dismiss this committee.

New Business

Delegate to National Convention at Philadelphia, Sept. 18-19-20. Motion made and seconded that the chairman, D. J. Wholey, be elected delegate to represent the Massachusetts Industrial Lenders Association at this convention, and a check for $200 be advanced him by the Treasurer for expenses to and from the convention, and to report expenses and doings of the National Convention at the next meeting.

Motion also made and seconded that the Supervisor of Loan Agencies of Massachusetts be sent to the National Convention at Philadelphia on Sept. 18-19-20 as guest of the Massachusetts Industrial Lenders Association, accompanied by our chairman, Mr. Wholey.

It was so voted and accepted that Mr. Wholey and Mr. Davidson represent the Massachusetts Industrial Lenders Association as guests of the Association, and placed on the association records.

Reading of Correspondence

Chairman Wholey read the various correspondence received since last meeting.

General Discussion

Mr. Zimmerman bought to the attention of the association that each member be a committee on the Vigilant Committee and report any violators of the Massachusetts Uniform Small Loan Law.

Motion made by Mr. Zimmerman that the broadcasting record of Supervisor Davidson on station WEEI on May 1, 1929, be placed on file for future reference for any member wishing a copy of same.

A suggestion made by Mr. Zimmerman that at the next meeting October 16, 1929, the matter be brought up that each member pay $1.00 for one year's subscription of the Industrial Lenders News.

Motion made and seconded that the next meeting of the Massachusetts Industrial Lenders Association be held on Wednesday, October 16, 1929, at the New Parker House, Boston.

There being no further business to come before the meeting it was agreed and carried to adjourn at 3:00 P. M.

D. J. Cote, *Secretary.*

OBJECTIONABLE COLLECTION PRACTICES

Complaints from both business houses and individuals indicate the use by certain credit clothing concerns, jewelry stores, and furniture houses of collection methods that impose upon the credulity of customers and are entirely outside the law.

We have seen filled out forms that have been mailed to debtors which closely resemble a garnishee notice or a summons from the court of a Justice of the Peace. They were in fact, however, not official notices but printed forms in the semblance of such notices and apparently designed to take advantage of the lack of legal knowledge of the person to whom they were addressed.

It has been quite common for some credit houses to use a form of wage assignment in connection with the sale of merchandise on the installment plan. No attempt is ever made to use these assignments to collect wages which had been earned at the time of the transaction is understood between the buyer and seller that the assignment will be only in the event that he fails to make payments specified. The assignment therefore one of wages to be earne the future.

Such a wage assignment has long void and without force in Missouri. may, therefore, be disregarded by emp er and debtor. The use of such ass ments and the use of simulated garni forms and constable or justice of peace notices is outside the law and v cut force in the state of Missouri.

The Bureau is making a survey at present time to determine the exten the use of such collection methods. possible that at a later date the Bu will deem it advisable to set out the na of concerns that resort to such colle methods, together with a recital of where such practices have been used.— *Louis Better Business Bureau Bulleti 29-29.*

CONNECTICUT

The semi-annual meeting of the C necticut Industrial Lenders Associa was held at Momauguin Beach, Haven, Connecticut, on June 19, 1929

In the morning the members enjo themselves with bathing, playing ball in other games.

A shore dinner was served at 1 p. m. Immediately after this the busi session was started.

The meeting of the Connecticut In trial Lenders Association came to o at 2:30 p. m. The minutes of the vious meeting were read, approved ordered placed on file.

Every member of the Association present, as well as the following gue J. J. Egan, Secretary of the Connec Federation of Labor; John D. Di Ni Deputy Examiner of the State Ban Department; H. P. Stephenson, of New England Equity Corporation; G. Zimmerman, A. K. Dolliver, F Reed and A. C. Christensen, of B ficial Operating Bureau, also F. L grove of the Mutual System.

The treasurer's report indicated a isfactory balance on hand after all were paid.

This was approved and ordered pl on file.

Chairman of the Legislative Com tee, A. G. Zimmerman, rendered his port which was approved. A motion made and seconded that the chairman point a Vigilance Committee consis of one member in each city in the to police the business and report al regularities to the chairman of that mittee. Irregularities which are no keeping with the instructions to s loan licensees are also to be reported

The Membership Committee subm an application of the New Eng Equity of Willimantic. It was acce

Chairman Kendrick was elected a gate to attend the national conventio Philadelphia, September 18, 19, 20 represent the Connecticut Indus Lenders Association. Mr. Kendrick empowered to appoint an alternate.

Mr. De Ninno, deputy commissi of the banking department, gave a sp did talk with respect to the new inst tions to small loan licensees. He adv the members of the Association that department appreciates our desire to

rate and is pleased that we police the iness so carefully. Every member dged himself to support the new regu- ons.

. J. Egan, Secretary of the Connec- t Federation of Labor, made an ad- ss. He stated that the Labor Depart- nt has always been interested in the iform Small Loan Act and that they their support in seeing that the bill s enacted. He stated further that they e coöperated with the Russel Sage ndation. Mr. Egan advised the mem- s of the Association that he would ays be willing to confer with the mbers of the Executive Committee. er an enthusiastic round of applause, . Egan announced that he would be d to attend the next meeting of the sociation in order to become even bet- acquainted with the members.

Mr. Connors, former attorney for the gal Aid Society of Hartford, gave a ndid address on his experiences be- en the borrower and the lender. He ed that he always found the lender ling to coöperate with him and that lender always showed an interest in king arrangements to have the indebt- ess liquidated. He commended the sociation for their splendid work.

The meeting adjourned and the mem- s continued to enjoy themselves in in- ging in various sports.

HENRY HOLM, *Secretary.*

NEW MEMBERS

Add these to your 1928 Yearbook directory: Community Finance Service, Inc., 512 Riker Bldg., Pontiac, Mich.; Credit Service, Inc., 708 Merchants St., Ambridge, Pa.; Georgia Cash Credit Corp., 128½ College Ave., Athens, Ga.; Georgia Cash Credit Corp., 313½ Broad St., Rome, Ga.; Pennsylvania Cash Credit Corp., 36 E. Market St., York, Pa.; Badger State Cash Credit Corp., 121 N. Appleton St., Appleton, Wis.; Badger State Cash Credit Corp., 809 N. 8th St., Sheboygan, Wis.; Standard Loan and Investment Co., 201 Peoples Savings Bank Bldg., Traverse City, Mich.; Personal Finance Co., 40 E. Independence St., Shamokin, Pa.; Illinois Cash Credit Corp., 603 First St., LaSalle, Ill.; Kentucky Cash Credit Corp., 211 City Natl. Bank Bldg., Paducah, Ky.; Walter C. Wylie and Co., 14 First Natl. Bk. Bldg., Iron Mountain, Mich.; Walter C. Wylie and Co., 504 Adams Bldg., Sault-Ste. Marie, Mich.; Industrial Bankers of Brookline, Inc., 269 Harvard St., Brookline, Mass.; Legal Loan Co., 101½ Lincoln Way West, Mishawaka, Ind.; Legal Loan Co., 74½ First St., LaSalle, Ill.; Legal Loan Co., Rm. 1, Underwood Blk., Adrian, Mich.; Legal Loan Co., Rm. 4, Kresge Bldg., Ann Arbor, Mich.; Legal Loan Co., 212½ N. 2d St., Niles, Mich; First Industrial Lenders, Inc., 105 N. Court St., Ottumwa, Ia.; First Industrial Lenders, Inc., 118 W. 2d St., Muscatine, Ia.; First Industrial Lenders, Inc., 23 S. Center St., Marshalltown, Ia.; First Industrial Lenders, Inc., 110 S. Linn St., Iowa City, Ia.; Surety Finance Service, Inc., 1612 Market St., Philadelphia, Pa.; Household Small Loan Co., 201 Dumbarton Bldg., Detroit, Mich.; Community Finance Service, Inc., 205 Adams Bldg., Saginaw, Mich.; Personal Finance Co., 11 E. Washington St., Hagerstown, Md.; Colonial Finance Corporation, 20 E. Jackson Blvd., Chicago, Ill.; First Industrial Lenders, Inc., 315 N. 3d St., Burlington, Iowa.

CHENEY ON TRADE ASSOCIATIONS

"That trade association is most successful and is doing the best work for its industry and for the nation in which the big members are paying their proper share of the budget and devoting the proper share of time and thought to its activities. In such associations the big members are real leaders—leaders, not bullies. They do not try to twist the work of the association to their own particular ends. They do not use the association for pulling their own special chestnuts out of the fire."

Excerpt from an address by O. H. Cheney, Vice-President, Irving Trust Co., New York, entitled "Even the Big Can't Stand Alone," printed in the July issue of *Nation's Business.*

The Importance of Adequate Trade Organization

BY BURR BLACKBURN

One who examines trade association vity is first impressed by its extent, importance and spread of trade asso- ion services, the size of the budgets quality of the staffs employed, and ir influence upon the development and ilization of business.

One notes such expressions on the im- tance of trade organization as the fol- ing:

. Stewart Fitzpatrick, Chamber of nmerce of the United States: "A de- e from now when we look back, the peration of business men and the engthening of the organization of the ntry's economic activities through le association, will by all odds be the st significant thing that has hap- ed."

Herbert Hoover, President of the ited States; "Within the last few rs trade associations have rapidly de- oped into legitimate and constructive ds of the utmost public interest and e marked a fundamental step in the dual evolution of our whole economic ."

Robert P. Lamont, Secretary of the ited States Department of Commerce: ractically all of the difficulties in which ge corporations and business generally e found themselves as a result of te and national legislation have been sed by their own acts, by the failure industry to control itself through per trade organization."

More than 300 trade associations are v actively engaged in coördinating the ious trade groups in America. Most them are staffed by well-paid and cient executives and scores of them spending more than $200,000 a year.

TRADE ASSOCIATION ACTIVITIES

The principal activities carried on by these trade associations are:

1. Collection of statistics.
2. Cost accounting.
3. Research.
4. Developing simplified practice and standardization.
5. Public relations.
6. Trade relations.
7. Employee relations.
8. Credit and insurance service.

Inasmuch as the United States Department of Commerce has prepared a very thorough and valuable publication on "Trade Association Activities" known as "Domestic Commerce, Series No. 20," which may be purchased from the Superintendent of Documents, United States Government Printing Office, for 75 cents, we will not present these activities in further detail but suggest that everyone interested should obtain a copy of the aforementioned book and study it carefully.

NEED OF INCREASED ACTIVITY IN THE SMALL LOAN FIELD

Discussion with leaders in this field and observation of the situation calls forth the following brief summary of activities which it seems evident should be undertaken immediately by the National organization.

1. Legislation. The recent defeats in three states, in spite of the fact that educational effort in the past few years has been greater and more intelligent than ever before, leads to the conclusion that the business is in serious need of a unified command for legislative activities. We are somewhat in the same position that the four allied armies were when, in spite of their superior strength they were wavering before the unified onslaughts of the German Army. They were finally driven to such desperate straits that a unified command was set up under Marshall Foch and from that day the tide of battle turned. We now have several of the large chains, the Foundation, and the State Associations projecting themselves independently into the legislative situation. Each State campaign is a separate unit, and is not given the continuous supervision that would come from a National staff whose whole time was devoted to this one activity. Executives of the large chains supervise the State campaigns along with many other administrative responsibilities. Methods have been used during the past year in some states which are contrary to accepted principles and in other states the business is still suffering from the crude activities of those who participated without proper supervision in securing the passage of the law.

We are not suggesting that in every instance legislatures can be persuaded to act upon the merits of the case, but this condition demands all the more care and judicious handling which can only come through pooling of experiences in the records of a National organization and preventing the use of methods which have failed in previous efforts.

The executive officer of the National Association should have under him several experienced legislative counselors

and their activities should be under the direction of Legislative Committee composed of the most experienced persons in the business. No legislative activity should be permitted except such as has the approval of the National Legislative Committee and is carried out under the direct supervision of a National staff, and in conjunction with the Legislative Committee of the State Association.

2. Trade Practices. F. W. Kellogg, President of the Kellogg Seed Company, Milwaukee, Wisconsin, has said, "there is no need for an industry to proclaim to the world, in costly advertising space, the excellence of its product if at the same time even a small group is discrediting the industry and defrauding the consumer through contraband trade practices; and by the same token group association projects are not properly arranged, if any other activity is taken up in advance of common business honesty and decency."

Since active competition is just now entering the small loan field it would be unfortunate if steps were not immediately taken to protect the business from the effect of ruthless competitive methods. As F. Stewart Fitzpatrick said in a recent address, "It is today generally recognized that unfair competition is an evil as injurious to the public as it is to business. It is neither economically nor morally desirable to require a man to have the conscience of a horse-trader in order to survive in the free play of competitive economy." "Competition is also often wasteful in its operation; price-cutting may lead to prices which are the lowest which the competing concerns can give and yet these prices may be much higher than those on which a well organized industry could afford to operate. When an industry is not organized properly, each concern works out its problem without help from the others, each bases its operations on its own limited experience; the same costly mistakes are often repeated many times; improvements discovered by one concern are not easily available to the others. Cut-throat competition may so consume men's energies in fighting that they have not time to devote to improving methods and processes. The consumer pays for all these and other wastes."

The small loan business has made great progress in the development of coöperation, but there are apparent wide gaps which can only be breached through the establishment of a National organization staff which will work out trade agreements and provide the pressure necessary to secure their adoption by all licensed companies in the field. This is particularly necessary just now in the field of advertising. One cannot pick up a metropolitan newspaper and study the small loan advertising page without discovering many glaring examples of unfortunate advertising of the type which is peculiarly damaging through its effect in destroying public good will. The executive office of the Association should have assistants who devote their time to trade practice problems. This staff should operate under a committee of the National Association and should develop a manual which covers in detail all of the methods used by the licensed companies in securing, holding and dealing with their customers.

The cleaning up of the internal activities of the business, including trade practices and legislative activities, is the most urgent necessity which we face. All other considerations are secondary. You cannot begin a program to develop better public relations until the primary contacts of the business with its customers and the law-making bodies are properly adjusted.

3. Statistics. In connection with the legislative program the work of a statistical division will be absolutely necessary. Statistics and cost accounting are not only fundamental to the intelligent conduct of the business but the time has come when the actual facts about the cost of conducting this business and the profits secured by stockholders should be made available for legislators and investors. Until there is a neutral statistician connected with the National Association who could be depended upon to make use of the statistics only for the benefit of the business and not to give one competitor advantage over another, we cannot expect a frank presentation of statistical material. Only by careful factual studies can the inevitable interest rate adjustments be kept from disorganizing the business, and that may also be depended upon to prevent the further complication of the field by poorly conducted under-capitalized licensed companies. The literature of trade organizations indicates that more than 100 trade groups are now compiling statistical data covering every phase of the business, such as production, shipments, stocks, new orders, unfilled orders, —subjects which formerly were carefully guarded from competitors, but are now willingly presented because they are being used to the advantage of the entire trade.

Literature of the Business

In order to carry out the above mentioned improvement of contacts with customers and legislators, there is an urgent need for the reorganization of the literature of the business. An editorial committee should take charge of the publications of the business with the aid of the executive officer of the National Association and staff members particularly chosen for editorial work. The present Lenders News should become a house organ bearing briefly the news of the national, state, and local associations, announcements and brief discussions of policy, and should be circulated only among those actually engaged in the business.

The long speeches, articles, etc., now published in the Lenders News and elsewhere should be collected and form the basis for two series of publications, books and pamphlets—(1) for general circulation to interpret the business to citizens, legislators, etc., and (2) for circulation among those engaged in the business to educate the operators in the technique of conducting the business. These publications should be edited and reëdited, published, revised, and published again with the idea of presenting in the briefest possible compass a complete literature; but the two series, one for interpretation, the other for technique, should be kept entirely separate.

The staff should coöperate with t Russell Sage Foundation and the publ relations departments of the vario chain organizations in securing the wide possible publicity for the interpretati of the business through magazines a publications of all kinds, and should i sure the business against the publicati of carelessly written or ill-times materi

The establishment of the three lin of activity mentioned above, namely, unified legislative program, a study a correction of trade practices, and t development of a proper literature, shou be inaugurated immediately and w probably require the full attention the National staff for some time.

However, the activities above me tioned necessarily must be accompani by a campaign to strengthen the Sta and National associations by increasi their membership and assisting in maki their meetings inspirational and instru tive.

It is also important that the Nation staff immediately develop and mainta coöperative relationships with other tra groups, the Federal Department of Co merce, and the Chamber of Commer of the United States and participate all National coöperative efforts towa the solution of financial problems of t family, including such matters as unem ployment, the cost of sickness, and co sumer credit.

As a later development which shou not be undertaken until the above pr gram is well under way, we believe t National Association should establish a sub-committee a research institute family finance which should employ staff of economists, social workers, a home economics specialists who shou coördinate the knowledge of family nancial problems being developed in v rious research fields and make the available to the public. This would fo low the practice of the Metropolitan Li Insurance Company in its activities behalf of public health and would similar to the work financed by t American Association of Soap and Gly erine Manufacturers, who are spendi half a million dollars annually in t "Cleanliness Institute." As a means finally winning the public's good wi the program here suggested we belie would be the most effective possibl Also the National Association at so later date should study employee rel tionships and should make specific co tributions toward the training a education of employees and setting stan ards of relationships with employees matters of hours of work, health a hygiene, vacations, insurance, and co pensation.

The aforementioned program calls f the following staff:

An executive officer

1. Assistants for legislative work, pu lic relations, and association work, a signed to groups of states.
2. Legislative counselors in each sta
3. Statistician.
4. Editor.

(To be continued in our next issue.)

Model 2 U.

—so we built 3 CALCULATORS *in* ONE

And now you'll only need one device to calculate Time, and any of three rates of interest.

T LAST! It is no longer necessary have *three* Meilicke Calculators at nd for each operative, when only e of the models illustrated here will lculate one, two, or three rates,— d tell elapsed time as well!

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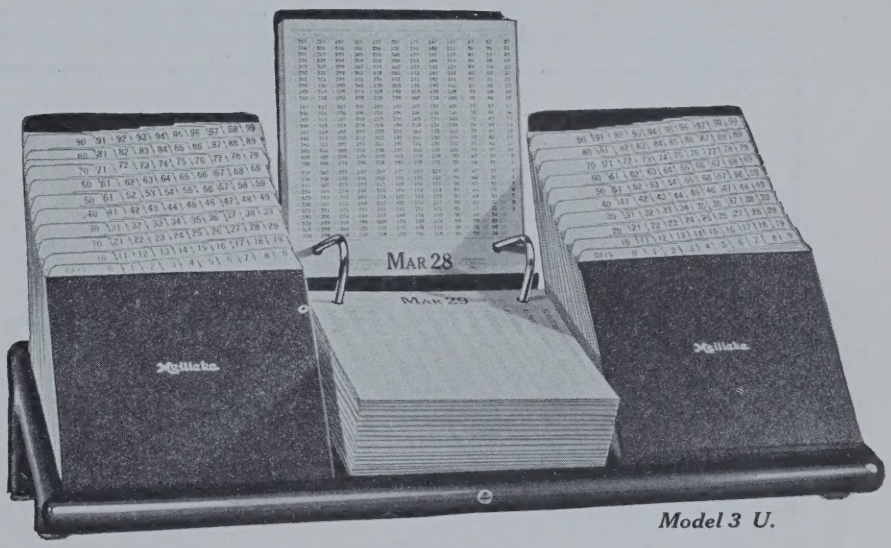
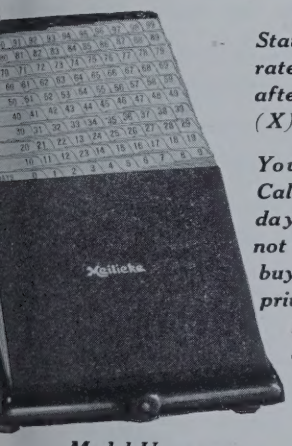


Model 3 U.



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Time Saving Devices

Meilicke Calculators are made for the following rates: 1½%, 2%, 2½%, 3%, 3½%.

Fill in the rates required and check the one you want.

IMPORTANT

Be sure to be at the Bellevue Stratford Hotel, Philadelphia, September 18, 19, 20, to help arrange the big program contemplated for the coming year.

MEETING SCHEDULE

PENNSYLVANIA—Reading, August 14.

NEW JERSEY—Atlantic City, September 5.

TENNESSEE—Memphis, September 5.

NATIONAL CONVENTION—Philadelphia, September 18-20.

FLORIDA—Jacksonville, October 4.

MASSACHUSETTS—Boston, October 16.

MICHIGAN—Detroit, October 17.

GEORGIA—Atlanta, October 25.

INDIANA—Evansville, November 20.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

Loan Offices Wanted

Will Buy Individual Offices or a Chain of Any Size

Outright Purchase

or

Participation in Ownership

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E. D., Box 778
Industrial Lenders News
Harrisburg, Pa.

scows and ocean liners

As we look over the broad Hudson from our desk, we see many boats plowing their way up and down. Some are fussy, noisy tug boats, other dirty, sluggish scows and still others handsome, proud ocean liners.

They were made by Man and can never hope to be any bigger, better, more important.

You too, though, are a product of Man—Yourself. But you are not of metal and wood—you are composed of brawn and brain. You have the power to create such boats—and loan offices, too—because you have what they lack—thinking ability!

But you can't go any further without using your head than a boat without coal, and just like a boat you need fresh fuel to keep up steam. You need fresh thoughts, new angles, different methods, many ideas to keep *you* plowing through to the job ahead, to a bigger pay, to success!

Don't be a human scow pushed here, pushed there—always following!

Don't be a "hot air" tug making a lot of noise, blowing up with self-importance because you can push a few scows about.

Be satisfied only as the flagship at the head of the fleet—accomplishing big things and leading the rest.

Fill yourself with new and better collection methods, advertising ideas, shortcuts in management, valuable legal points—plow your way to the head with fresher, better ideas.

THE COUPON will tell you how—mail it now.

Incorporated as a Correspondence School under the laws of the State of New York

INDUSTRIAL LENDERS TECHNICAL INSTITUTE, INC.,
2 Lafayette Street, New York, N. Y.

Gentlemen: Please send me without obligation, information about your course in Successful Loan Office Management. .

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INDUSTRIAL LENDERS · TECHNICAL · INSTITUTE ·

MORE LOANS MADE with WINTER WRITTEN Advertising

—because Winter Written copy is "Loan-Tested" and proven.

Every newspaper advertisement, every letter, every folder, is carefully planned to do just one job—bring in the greatest number of loans at the lowest possible cost. How well they do it is evidenced by our large, constantly growing list of customers.

Line up with this better way of increasing your business—investigate this result-getting advertising, prepared by Small Loan Specialists—Write for sample folders and Service NOW.

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INDUSTRIAL LENDERS NEWS

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SEP 21 1929
UNIVERSITY OF ILLINOIS

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All Roads Lead to Philadelphia

How You Get There Doesn't Matter a Cuss, But Be There

By H. G. Hopson,

Chairman National Convention Publicity Committee

What with modern transportation being ›ved up a notch every other day, it's rd to say how a fellow ought to travel ›m where he is to where the 15th An- al A. I. L. A. Convention will be. e'll leave the method of travelling from ı to hither entirely in your hands. ›u can take your choice of a dozen dif- ent railroads, bus routes, rent a car ı wreck it yourself, air-mail, all air, water, covered wagon or shank's re. But we want you in Philadelphia ptember 18th, 19th and 20th.

Everything has two sides to it—espe- lly this 15th Birthday Party. There's serious side and the all fun side. ›st of the downright seriousness of the ›gram has been purposely concentrated the business sessions. "No foolin'" will the pass word there. In those business sions you're going to learn things. mmittees here and committees there ve been working like beavers on this ı that since the last Convention and se respective committees are going to en up and give us the low down on all se interesting things. What they've t to say is for your ears, so just lend those ears for about three days. We ›mise to give them back in A-1 condi- n along with all the red-hot dope. ›u've likely been to National Conven- ns before and you've taken home your ›ney's worth in good sound information ›ut the business that buys gas and tires your flivver, not to mention other ap- rently less important things like bread, tter and plus-fours. But you ain't heard thing yet. Our word for it, Mister, s Convention in September will so far pass all others in point of actual dol- -and-cents' value that you'll be tempted ask for a refund on last year's meeting else pay twice for this one.

The men who are scheduled to speak you at the various meetings are men ıo have no applesauce to sell. They've en selected on the basis of their knowl- ge of the various subjects. And that es for speakers from our own member- p as well. Just as an example take . Frank Persons who recently came th the Association as Executive Vice- sident. Here's a man, gentlemen, who s worked with such people as Herbert ›over and Franklin D. Roosevelt, pres- Governor of New York. As you ›bably know, Mr. Persons was actively charge of the American Red Cross dur- ing and after the war. You can take it from me that he isn't going to give you any hooey. He's going to throw facts into your teeth and let you chew over them.

And the other speakers are in the same class with Mr. Persons. There's not a piker in the line-up—in fact, there was never before such a group of nationally prominent men as A. I. L. A. speakers. For instance, just look these over:

Hon. Harry A. Mackay, Mayor of Philadelphia; Hon. James J. Davis, Secretary of Labor of U. S.; Hon. Louis T. McFadden, Chairman, Committee on Banking and Currency, U. S. House of Representatives; Dr. Hugh P. Baker, Manager, Trade Association, Department U. S. Chamber of Commerce; W. Frank Persons, Acting Vice-president, A. I. L. A.; Burr Blackburn, Director of the Study of the Social Effect of the Wisconsin Small Loan Law; W. Sam Burnley, Deputy Banking Commissioner of Virginia; Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation; Dr. Franklin W. Ryan, Vice-president, National Cash Credit Corporation and author of "Usury and Usury Loans."

That's the serious side.

Now for the fun of it.

Sometimes, to your wife, attendance at a business convention means just a trip from home to there with nothing definite to do until it's time to go home again. But not so with the 15th A. I. L. A. Convention. Mrs. Lender is just as welcome as the flowers that bloom in the spring, tra la. We're just that anxious to greet her and make her feel that she's an actual part of this, the biggest and bestest national meeting, that a special program of activities has been arranged for her. Nothing has been scheduled for Wednesday morning, however, because we thought Mrs. Lender would want to sort of get settled at her hotel and primp up after the journey here. But at 12:30 on Wednesday we want her right beside the "lesser half" at luncheon.

On Wednesday afternoon the ladies (and men, too, if they wish) are invited to the movies. Any of three downtown movies may be selected. They are the Stanley, Boyd and Mastbaum. They're all good. The Mastbaum is the largest and latest hit—the Boyd is equally as interesting as it is one of the few theatres in America furnished completely in modernistic design, the Stanley leaves little to be desired.

Wednesday nite! Say boy that's going to be a honey! Dancing from 9 to 11 and a red-hot show from 11 'till quitting time. What that show is going to be is Billy Buck's dank, dark secret. But it's going to be good or Billy gets scalped. Be on hand—it'll be just as much fun scalping a guy as seeing a good show so you can't lose no matter what happens.

The next feature to which the ladies are especially invited is the 7 o'clock breakfast on Thursday. That might get one up a bit early but it will give us a fine start on a busy day. At 10 o'clock Thursday morning there will be a bus trip through historical Philadelphia. This will include a visit to such places as Independence Hall and the Liberty Bell, Betsy Ross House, Old Christ's church and Wm. Penn House, etc. It will cover also, Fairmount Park—the largest city owned park in the world. Thursday afternoon there will be a bus trip to the Philadelphia Navy Yard, Uncle Sam's largest east coast naval base and the home of the Naval Air-craft factory. This trip will prove interesting and instructive to men, women and children alike. All may go if they wish.

Then on Thursday nite comes the grand Banquet in the Bellevue-Stratford Ball Room. Words simply can't describe the anticipated brillance of this Convention high-light. Suffice it to say that it will eclipse all previous national banquets. It is at this banquet that you will have the pleasure of hearing from Secretary of Labor Davis and the Hon. Louis T. McFadden, Chairman of the Committee on Banking and Currency of the National House of Representatives. Naturally, there will be favors for the ladies, dancing and more talented entertainers. In all modesty, the committee guarantees this to be the best banquet on record.

Friday morning will provide the ladies with ample time to shop. Chestnut Street shop windows offer to any woman an excellent morning's entertainment. Then there is the world famous Wanamaker Store, extending you a most cordial invitation to call and visit. Wanamaker's will be only too glad to take you on a personally conducted tour of this palace of modern merchandising—than which

(Concluded on page 3.)

INDUSTRIAL LENDERS NEWS

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W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

HERE'S A MAN WHO APPRECIATES A. I. L. A.

Bennett Baldy, of Everett, Washington, Is Already Registered for 15th Birthday Party

Bennett Baldy, of the Baldy Finance Company, Everett, Washington, and his friend, R. E. Vester, Vice-president of the Western Bond and Mortgage Company, of Portland, Oregon, have already made reservations at the Bellevue-Stratford for September 18th, 19th and 20th. The Association should certainly appreciate the interest of these gentlemen because it is no short trip from the State of Washington to the City of Philadelphia.

Mr. Baldy, you will recall, has been very active in Washington State legislative matters pertaining to our business and there is no doubt that he will be able to pass on to the other delegates some interesting facts.

When these men from the far Northwest will take the time, money and trouble to journey from one coast to the other to attend the Convention it makes us fellows who live nearer Philadelphia, and fail to attend the Convention, look like pikers. We certainly hope that these two gentlemen will be an inspiration that will result in the best attendance in the history of the A. I. L. A.

Thanks a lot for setting the pace Mr. Baldy and Mr. Vester—you will find a warm welcome awaiting you in the Quaker City.

BOYS, MEET MR. PERSONS!

Mr. W. Frank Persons, who has been selected as the new Executive Vice-president of the American Industrial Lenders Association, is going to be a delegate to the 15th Annual Convention of the A. I. L. A.

Every member will be interested to meet Mr. Persons because he is going to pass on to us many valuable suggestions.

Come to Philadelphia in September and meet Mr. Persons personally.

RIGHT YOU ARE, MR. THOMPSON!

Francis L. Thompson needs no introduction to A. I. L. A. members. The other day he wrote to Secretary George Kehr as follows:

"DEAR GEORGE:

I have reservations for Mrs. Thompson, my son and myself for the Convention and anticipate the most important meeting in the history of our organization. Indiana will be well represented by a large number of lenders. * * *"

We just want to say that Mr. Thom son and the other Indiana lenders w not be disappointed. The 15th Ann Convention will, without question, be t most vital organization meeting we ha every had. All of you will do well follow Mr. Thompson's lead and arran to be in Philadelphia, September 18 19th and 20th. Big things are going happen in our National Organizati work and you will want to be there witness the happenings.

CONCERNING NEW CONSTIT TION AND BY-LAWS

To the Members of the American Ind trial Lenders Association:

At the anual convention to be held Philadelphia, September 18th to 20th, i portant changes in the activities and ganization of this Association will adopted.

The growth of the small loan serv in all of the states in which the Unifo Small Loan Law is in force has be increasingly rapid during the past f years. That growth has far outstripp the more slowly increasing knowled and understanding of that service on t part of the public. In consequence, have, during the past year, been fac with several situations full of peril the continuing safe progress of our bu ness.

These facts are known to all of c members, and are stated here only emphasize the importance of making c plans for future activities of the natio association with judgment, foresight, a courage. The amount of capital invest in the business and, no less, the value the service to our customers, must protected by a national program, broad scope, sound in principle, and vigorous execution.

In view of these considerations, yo national officers and the Executive Co mittee have been devoting their b thought and energies, without stint, f many months to the development of constructive program and to the planni of the necessary changes in organizati personnel, and activities. Of necessi these prospective changes require so revision of the constitution and by-law

Such progress had been made in the r vision of the constitution and by-la that, when the Executive Committee he its meeting at Atlantic City late in Ju a draft prepared by the President w referred to a small committee for fi drafting. The members of the Executi Committee at that time discussed in f detail and with thorough frankness, t purposes to be achieved by the prospe tive changes in the constitution and b laws. This drafting committee was fu instructed as to the views of the office and of the Executive Committee and w directed to submit its final draft to t Executive Committee for further co sideration.

The Drafting Committee is earnest at work on its job, realizing fully its i portance and the need for careful co sideration of all the interests and vie of our membership which should be he in mind. Its report will soon be rea for the Executive Committee's final co sideration. As soon as practicable, t Executive Committee will meet to discu these matters. Copies of the revised co stitution and by-laws, as approved by t Executive Committee, will then be mail to each member.

t is our purpose to place these copies your hands in advance of the conven-, so that there may be full opportunity each member to read them and thereby fully informed when this item of busi-s is reached during the business ses-of the Association.

'he officers and the Executive Com-te expect to bring to you a unanimous ort, and will be prepared to set forth sons and facts supporting each change is proposed.

'our Association must look forward! members must work loyally and unit-for the common good. This new stitution should become the charter for new and greater progress.

(Signed) G. J. BADGER,
President, A. I. L. A.

L ROADS LEAD TO PHILA-DELPHIA

(Concluded from page 1.)

e is no greater nor more beautiful in whole wide world. (Mayor Jimmy lker, of New York, please note.)

nd now as a fitting climax to this e-day program comes, beginning 2 n., a bus trip through beautiful sub-in Philadelphia to Valley Forge Na-al Park. You'll like Valley Forge, merely because of its historic im-ance, which is second only to the rty Bell, but because of the natural ity of these beloved valley hills where rge Washington and his army of es suffered during their winter en-pment.

he golfers will take this same trip, pt that their busses will stop off t at the entrance of Valley Forge k, at the Valley Forge Golf Club.

nd here ladies and gentlemen will be ht an epic battle for the A. I. L. A. Championship—the first (and we not the last) such tournament in history of the Association. And don't boobies worry either—because the w making the poorest score will be ented with a beautiful—but that would elling.

nd in addition—we darned near for-to tell you this—to the trophy for the ner and the booby prize there will be her splendid prize awarded the lucky ber winner. Everybody but the first booby winner has an equal chance vin. Here's how it works. First a ber of cards bearing numbers will be ed up in a derby hat or what have These numbers will represent prob-golf scores. A committee of one select one of these numbers, blind fashion. This will be put in an lope and sealed. No one, not even committee of one, will know what number is. Then when every one finished his 18 holes he'll turn in his e card to the Prize Committee. The et envelope will be opened and the w whose score comes closest to the ber contained therein walks off with prize. So you see it doesn't matter ou shoot 80 or 280, you're just as e as the next fellow to win.

nd now friends and fellow country-, we ask you—AIN'T that some set-

or ready reference here's the com-outline of the program as above de-ed in part, as arranged at the time is written:

Tentative Program

TUESDAY, SEPTEMBER 17th

Registration, Bellevue-Stratford Hotel, 2 p. m. to 9 p. m.

2 p. m.

Executive Committee Meeting.

WEDNESDAY, SEPTEMBER 18th

9:30 a. m.

Convention officially opens.

Call to Order by the President, G. J. Badger.

Invocation, Rev. Walter Crossing, Pastor of the Methodist Episcopal church, Westville, N. J.

Addresses of Welcome, Harry A. Mackey, Mayor of Philadelphia; Philip Gadsen, President, Phila. Chamber of Commerce.

Address of Welcome in Behalf of the Local Members, A. V. Hart, Chairman P. I. L. A.

Response and Address by the President, G. J. Badger.

Report of the Membership Committee, W. Young.

Report of the Committee on Legislation, V. C. Moore.

Report of the Law Committee, F. B. Hubachek.

Report of the Publicity Committee, L. K. Osborne.

Report of the Finance Committee, W. P. Woll.

Report of the Vigilance Committee, L. C. Harbison.

Report of the Treasurer and the Auditing Committee, T. J. Harrison and T. M. Kaufman.

Report of the Secretary, G. W. Kehr.

Report of the Special Commitees.

Reading of the suggested new Constitution and By-laws.

WEDNESDAY, SEPTEMBER 18th

12:30 p. m.

Convention Luncheon — Bellevue-Stratford Hotel. Open to all who have registered. Speaker: Dr. Hugh P. Baker, Manager of the Trade Association Department, United States Chamber of Commerce, "The Business Man and His Trade Association."

2:15 to 4:30 p. m.

"The Year's Progress and the Uniform Small Loan Law," Leon Henderson, Director of the Department of Remedial Loans, Russell Sage Foundation.

"The Fundamental Rightfulness of the Family Finance Business," Franklin W. Ryan, Vice-president, National Cash Credit Corporation.

"The Wisconsin Campaign," W. Frank Persons, Acting Executive Vice-president, A. I. L. A.

2:15 p. m.

Movies for ladies at Mastbaum, Boyd or Stanley Theatres. See Mr. Buck.

9 p. m.

A Slow Nite in Quakertown. Dancing and Show.

THURSDAY, SEPTEMBER 19th

7 a. m.

Convention Breakfast. Music until 10 a. m. Tate J. Harrison, Toastmaster.

10 a. m.

"Handling Foreign Accounts," D. H. Rose, Supervisor, Household Finance Corporation.

The Value of the Small Loan Service to the Public," Earl E. Davidson, Supervisor of Loan Agencies of Massachusetts.

"Developing Good Will," Burr Blackburn, Director, Study of the Social Effect of the Wisconsin Small Loan Law.

Sight Seeing of Historical Philadelphia and Fairmount Park, conducted by Mr. Buck.

2 p. m.

"How Can Lenders Better Coöperate with Supervising Officials," W. Sam Burnley, Deputy Banking Commissioner of Virginia.

"The Black Horse of the Family Fireside," Dwight L. Hoopingarner, Public Relations Counsel, Beneficial Operating Bureau, New York City.

2:30 p. m.

More Sight Seeing Trips for members, ladies and guests. See Mr. Buck.

6:30 p. m.

Convention Banquet. Invocation, Rev. Burleigh Cruikshank, D.D. Toastmaster, G. J. Badger, President, A. I. L. A. Speakers: James J. Davis, Federal Secretary of Labor. Louis T. McFadden, Chairman of the Committee on Banking and Currency, National House of Representatives. "Con" McCole, Black Diamonds. Dancing.

FRIDAY, SEPTEMBER 20th

9 a. m.

Adoption of the Constitution and By-Laws.

Unfinished Business.

New Business.

Election of Officers and Chairmen of Standing Committees.

Announcement of the State that wins the Attendance Trophy.

Tour of Wanamaker Store for ladies. See Mr. Buck.

2 p. m.

Bus trips through suburban Philadelphia to Valley Forge National Park.

Golf Contest, Valley Forge Country Club. Cup for the winner. See Mr. Buck.

See Atlantic City. Harry P. Gatter will look after your reservations.

Aerial tours of Philadelphia from local flying fields. See Mr. Buck for arrangements any time during the Convention.

FLORIDA

The regular quarterly meeting of the Florida Industrial Lenders Association was held at the Hillsboro Hotel, Tampa, Florida, on June 19, 1929.

The following members were in attendance: W. C. Tinsley, of the Mutual Finance Company of Tampa; A. T. Remilen, of the Franklin Finance Company of Tampa; Edward D. Cooper, of the Confidential Loan and Mortgage Company of Tampa; Charles G. Senseney, of the Domestic Finance Company of Tampa; Sol Jacobs, of the Personal Credit Company of Tampa; John J. Murray, of the Beneficial Loan Society of St. Petersburg; Alfred Lovesky, of the Personal Finance Company of Miami; C. S. Phillips, of the Personal Finance Company of Tampa, the Personal Finance Company of Jacksonville, the Personal Finance Company of Pensacola, Thrift Plan, Inc., of Tampa, all were represented at the meeting. E. F. Moore and P. C. Hess, of the Beneficial Operating Bureaus, Inc., of New York, were in attendance.

REPORT OF OFFICERS AND COMMITTEES

Secretary Lovesky made a general report and gave a report of the licensees who were not members of the Association.

E. F. Moore suggested that the Secretary contact the State Comptroller and get an up-to-date report of the Small Loan Licensees in Florida and present it at each meeting, that a special effort may be made on the part of the members to have all licensees join the Association. The suggestion met with the unanimous approval of the membership, and the Secretary was instructed accordingly.

The Treasurer reported a balance on hand of $357.01 with all bills rendered paid.

Chairman Tinsley reported for the Vigilance Committee, giving a report on the activities of some unscrupulous operators lending to city employees charging 25 cents a week on the dollar. Full information regarding these operators was not complete, and the committee will render a further report at the next meeting of the Association. J. J. Murray cited his experience in connection with similar operators in St. Petersburg which was likewise referred to the Vigilance Committee for attention.

E. F. Moore talked about the need for having 100% membership in the Association, and suggested that the chairman appoint a committee consisting of one member from each city whose duty it would be to contact each licensee in that city who was not a member of the Association and bring a detailed report of their work at the next meeting. On motion duly seconded this suggestion was approved and carried. Chairman Tinsley then appointed to the Membership Committee J. J. Murray, of St. Petersburg; A. T. Remilen, of Tampa; Alfred Lovesky, of Miami, and R. T. Baseman, of Jacksonville. These gentlemen were instructed by the Chairman to contact each licensee in their city who was not a member of the Association, have him sign on the dotted line, get a check for the first month's dues, and present it at the next meeting.

Mr. Moore advised that one of the duties of the Association was to police the business and keep it clean. He urged lenders to advertise loans $10 to $300 and take care of the small borrower who heretofore has been going to the Salary Buyers. On motion duly seconded, Sol Jacobs was appointed Chairman of the Vigilance Committee with the power to select his coworkers.

The Secretary presented the applications of the Confidential Loan and Mortgage Company of Tampa and the Thrift Plan, Inc., of Tampa, for approval of the membership. Upon motion of Mr. Jacobs seconded by Mr. Phillips, the above companies were admitted as members of the organization.

Mr. Moore recommended that the Secretary send a report of the licensees in the state to the membership showing Association members and nonmembers that each lender may be active in inducing the nonmembers to join.

Sol Jacobs suggested that the next Association meeting be held in Jacksonville. On motion duly seconded it was decided that the next meeting of the Association would be held in Jacksonville, Wednesday, September 18, 1929. The Chairman was authorized to appoint a committee of Jacksonville lenders to arrange for the meeting.

Mr. Moore suggested that two members prepare a paper on some subject selected by the member pertaining to the business that would have educational value. Chairman Tinsley accepted the assignment for preparing a paper and to appoint one of the Jacksonville lenders to likewise prepare a paper on some subject that he will select. Chairman Tinsley introduced Mr. Lovesky, of Miami, to the membership who read a paper he had prepared on the subject, "Where Lies the Fault of Our Collections." On motion duly seconded, Mr. Lovesky's paper was ordered spread on the minutes and a rising vote of thanks given Mr. Lovesky in appreciation for his endeavors.

"WHERE LIES THE FAULT OF OUR COLLECTIONS

"Men in the credit business have always had preached to them that they must be salesmen as well as collectors, builders of good will as well as harvesters of money. To-day it is not merely theoretical preachment, but an imperative principle that must be put into practice. With the making of loans a problem confronts us in collecting money, and in this problem there are new troubles complicated by the loans made. In other words, it is not only your task of getting people to pay at a time when they are most reluctant to part with cash, but also to keep them regular customers especially where competition is keen and growing keener and when regular customers are valuable.

"Mere bringing home the bacon isn't enough unless the process is so conducted as to insure continued yield. But good will is not an end in itself—the cash must be collected and collected as rapidly as possible.

"All of us for example are working on a theory that 99 out of every 100 persons intend to be honest and that at least 75% will respond to your first notice of past due payment. A series of two or more reminders should tend to bring out the honesty of the other 25% taking into consideration that a small fraction of the total 100% may need a personal call.

"We have the problem wherein lies the trouble, can we adjust or simplify it? Before proceeding to the mean we must have the cause for a better understanding. Let us bring the problem right home—your office—my office. Starting from the beginning a prospect for your service, are we too mechanical or artificial in receiving him? A smile pays big dividends.

"Do you give your service in a cheerful willingness and desire to please and satisfy? The first word with the new customer becomes either for or against your institution. Courtesy is the foundation of modern business. Have we performed our part here? The customer has left his application, investigation has been made and he calls into your office for the money. Are we prone to put a personal touch to the closing of the transaction?

"I venture to say herein lies one great cause of our delinquency—the loan at the closing and taking of the money is either paid at this moment or it is not. Our troubles may have their birth at that moment. Are we tactful enough in obtaining the necessary information? Is the conversation well balanced between man and wife? Do they thoroughly understand the transaction, by that I mean do they understand what is required of them? Have you asked when it was most convenient time of the month to make their payments? Invariably he will say after some pay day. The first month his payment may extend over a period of 25 days. Do you show his saving? Does it occur to you that he is vitally interested in that saving? Here you have him of coming in early to create the habit—once created it will stick. Do you stress that what the transaction will mean depends upon himself?

"Let us take the negative side of the problem—when explaining to your customers do you at any point of your dealing suggest delinquency? The power of suggestion, gentlemen, may sway a man one way or another for or against your wishes. We will take a simple example as to the power of suggestion. Mrs. Jones before leaving for town left these instructions with the children, 'While I'm gone children, do not stick any beans and barley in your ears.' Well, when Mrs. Jones came home she found that the children had gone to the cupboard, hunted up the beans and barley and there they were on the floor sticking the beans in their ears as per mother's suggestion. So it is with our customers, giving them an idea that they can be late, your suggestion will be tried out.

"A loan office without slows is like a dog without fleas—there isn't any such animal—but the number of slows can be controlled, quoted from an authority in the Small Loan Business. That control lies with us. What is your treatment in this connection, when you are interviewing a slow? Do you still entertain the personal touch emphatically and often enough to extract payment? I mean do you see his point of view and situate and sell your own?

"Your letters as collectors—Are your letters you? Emerson has reminded us that the only way to have a friend is to be one. If you have not the faculty to form these business acquaintances that is probably why you are unable to hold them and experience the trouble that at present exists. Friendship does not enter the language of formality. The important thing is the way we feel about it. If we are going to write before we act let us do go ahead and write it. Are your letters fairly crackling with fresh, live ideas?

"Let us take stock of ourselves this evening, examine our causes and tendencies a bit of retrospection, so to speak, and ask ourselves this question, 'Can it be that much of the delinquency may be with us?' It may be there that the cause of our collections lies."

Mr. Moore in commenting on Mr. Lovesky's paper laid great stress on the fact that no man can do more than his best and every borrower should be given a chance to pay and the lender should not expect more of the borrower than he is able to do at any time. Mr. Moore's talk was very interesting and educational. On motion duly seconded he was given a rising vote of thanks.

Chairman Tinsley urged the members to mail their checks immediately to the Secretary that the bills of the Association may be paid promptly.

There being no further business to come before the Association, on motion duly seconded it adojurned.

ALFRED LOVESKY
Secretary

What Your Association Means

TRADE association membership no longer is to be regarded merely as an affiliation which entails a periodical donation for some vague and mysterious purpose whose effects it is impossible to trace.

There is nothing indefinite to-day about the mission of the trade association. It has a very clearly defined objective. Its influence is admitted and its existence has the approval of the federal government.

It is just as much a necessary protection as is your fire insurance. In fact it is greater, more far-reaching, and infinitely more closely allied with your everyday welfare.

You probably do not have a fire once in half a dozen years, and when you do there is a fire department to come speeding to your rescue. More often than otherwise it saves you any considerable loss.

But when some transaction, unsanctioned by the ethical practices of your business, discloses itself with disturbing effects upon the peace and security of your business, which happens with more or less regularity, there is no relief corps upon whom you can call *unless you have an association affiliation.*

And the celerity with which such breaches of good business conduct may be remedied depends largely upon the strength of that association. Not only at large but in your particular field.

If your territory is only indifferently supporting the association you may rest assured that the executives know it. And the chances are that any protest coming in behalf of such a section will be indifferently considered and treated by them. It is always the weaklings that suffer most.

Most of the troubles of the business originate in unorganized territory. It is there that the lenders, in the free-for-all effort to monopolize the business, do not hesitate to do just about as they please. And some interesting situations develop to the chagrin of the helpless nonmember lender whose objections are futile and ignored.

Conditions are little different in the family finance field from what they are in other business. Trade practice conferences, which are being held of late with a constantly increasing frequency, prove that about the same methods and practices prevail wherever services are the paramount activity and competition is keen.

Broadly speaking the trade association is a vehicle of defense. This defense is not made necessary by any one condition but by many. Some of them are due to the unethical policies of misguided individual members; some of them emanate from the ranks of the members, and still others result from the practices of lenders outside the organization.

Manifestly, to insure maximum efficiency in association effort to discourage and to eliminate these various evils, the members should be unanimous in their membership and united in their support. Half-way methods and interest will not suffice. Nor will such a policy, so supported, prove permanently effective in a national way.

No trade association member can hope to benefit greatly from his affiliation if he is content simply to pay his dues and regard it in the light of a donation to the "good of the order." He cannot assume a "Let George do it" attitude and be worth his salt either to the association or the business. He must become a willing and active worker in their behalf.

In our business the National is the dominant agency seeking persistently to stabilize it.

It is the individual member's chief hope of relief from oppression of every sort.

It deserves and should have the support of every member in the business.

And every member should recognize and fulfill his obligation to see that his brother, not a member of the National, files his application without delay.

Reprinted with adaptations from National Builders' Supply Bulletin, July, 1929.

PENNSYLVANIA

A quarterly meeting of the P. I. L. A. was held at the Green Valley Country Club, Reading, Pa., on Wednesday, August 14, 1929, which was attended by about one hundred and twenty-five members and guests.

The meeting was called to order by Chairman Hart at 10:30 a. m.

Upon motion of Mr. Whitstone, seconded by Mr. Cropper, the minutes were approved as distributed.

Upon motion of Mr. Ezekiel, seconded by Mr. Millard, the calling of the roll was dispensed with.

Reports of Officers

Chairman Hart reported progress.

Treasurer's Report

Treasurer Devine reported all bills paid and a nominal balance in bank.

Secretary's Report

Membership May 8, 1929	222
New members elected	17
	239
Resignations May 8, 1929	2
Total membership	237
Members' dues paid to Dec. 31, 1929	220
Delinquent since July 1, 1929	13
Delinquent over one year	4
Total	237

W. S. Herron,
Secretary.

Upon motion of Mr. Kehr, seconded by Mr. Badger, the reports of the Treasurer and Secretary were approved and ordered spread on the minutes.

Reports of Standing Committees

Mr. Moore reported for Mr. Watts, Chairman of the Executive Committee, that the only thing in the hands of the Executive Committee was the matter of the Code of Ethics, and at Mr. Watts' suggestion this matter was continued with the Executive Committee until the November meeting.

Mr. Steimle, Chairman of the Membership Committee, was not present and no report was given.

Mr. Kehr, Chairman of the Legislative Committee, reported progress.

Mr. Moore, Chairman of the Publicity Committee, reported that there was considerable publicity throughout the state of to-day's meeting, and that the picture of the Chairman and Secretary had appeared in several papers.

Mr. Devine moved and Mr. Gatter seconded that a vote of thanks be given Mr. Moore and his committee for their efforts to obtain publicity for the meeting.

Mr. Herron reported for the Vigilance Committee that there had been nothing brought to his attention requiring action and assumed that everything was peaceful.

Mr. Buck, Chairman of the Entertainment Committee, reported progress and that everything was progressing for both the A. I. L. A. Convention in September and the P. I. L. A. Convention in November.

Reports of Special Committees

Mr. Millard reported that the matter of the delinquent member whom he was trying to bring up to date in his dues, was still unaccomplished, but requested that it be continued in his hands, which was done.

Unfinished Business

The Secretary read a letter from Mr. Orth, of the Banking Department, regarding the matter of holidays, discussed at previous meetings, and upon motion of Mr. Moss, seconded by Mr. Zwalley, this letter was ordered spread on the minutes.

The letter appeared as follows:

May 24th, 1929

Mr. W. S. Herron, *Secretary*
Penna. Industrial Lenders
Association
404 Denckla Bldg.
Philadelphia, Pa.

Dear Mr. Herron:

In reply to your letter of May 22d, I am quoting below from the Act of March 31, 1921, which designates which are legal holidays in Pennsylvania:

"The first day of January, commonly called New Year's Day; the twelfth day of February, known as Lincoln's Birthday; the twenty-second day of February, known as Washington's Birthday; Good Friday; the thirtieth day of May, kn as Memorial Day; the fourth of J called Independence Day; the first M day of September, known as Labor D the twelfth day of October, known Columbus Day; the first Tuesday a the first Monday of November, Elec Day; the eleventh day of Novem known as Armistice Day; the twe fifth day of December, known as Chr mas Day; and every Saturday, a twelve o'clock noon until twelve o'cl midnight each of which Saturdays hereby designated a half holiday; any day appointed or recommended by Governor of this State or the Presi of the United States as a day of thar giving or fasting and prayer, or other ligious observance * * *"

Very truly yours,
G. H. Orth,
Chief, Bureau of Private Bank

New Business

Upon motion of Mr. Buchman, onded by Mr. Pope, a contribution Two Thousand Dollars was given Entertainment Committee for the en tainment of the A. I. L. A. Conven

LOAN OFFICES WANTED

We will purchase for cash Individual Offices located in any state or a chain of offices. No Individual Office with an outstanding loan balance of under $40,000 will be considered.

Our resources are such that we can consider any number of offices or a chain of offices of any size ∴ ∴ ∴ ∴

Present management may be retained.

All replies held in absolute confidence

FIRST INDUSTRIAL BANKERS
INCORPORATED

First National Bank Building **BALTIMORE, MD.**

September, and also a contribution of ıe Thousand Dollars to the same comttee for the P. I. L. A. Convention in ɔvember.

A letter was read by Mr. East, of the dustrial Loan Society, Inc., Harrisrg, from Mr. Orth, after which there ıs considerable discussion regarding the ter, but no action taken other than a ɔtion by Mr. Shuster, seconded by Mr. ɔrgan, that the letter be spread on the nutes.

The letter appears as follows:

AUGUST 12th, 1929

DUSTRIAL LOAN SOCIETY, INC.
204 Dauphin Bldg.
Harrisburg, Pa.

NTLEMEN:

The report of the recent examination your office has been filed in this dertment.

The examiner reports a number of innces in which your office has renewed account for an amount which was apoximately equal to the unpaid principal lance, plus the interest accrued on the l account. This department has taken position that this practice results in mpounding of interest, which, as you ow, is prohibited under the act. The t that the borrower may have paid the erest due in cash does not, in our inion, alter the situation.

It is requested that you discontinue this actice in the future.

Your reply to this letter is expected.

Very truly yours,
G. H. ORTH,
Chief, Bureau of Private Banks.

NEW MEMBERS

The secretary read the following applitions for membership:

Guardian Financial Corp., 421 Markla nk Bldg., Hazleton; Eskay Loan Co., 5 Packard Bldg., Philadelphia; Penna. sh Credit Corp., 36 E. Market St., ɔrk; Penna. Cash Credit Corp., 801 amilton St., Allentown; Penna. Cash edit Corp., Balto. and Lansdowne es., Lansdowne; Penna. Cash Credit rp., High and Penn Sts., Pottstown.

Upon motion of Mr. Einhorn, seconded Mr. Hopson, all the above applicants re elected to membership.

The Secretary read the resignations of following offices from membership in s Association:

American Equity Corp., 7 W. Market , Wilkes-Barre; Household Small an Co., 5116 Market St., Philadelphia.

Upon motion of Mr. Holeworth, secded by Mr. Wright, the resignations re accepted with regret.

The Secretary brought to the attention the members, the matter of two mem's delinquent in dues with no prospect being paid and upon motion of Mr. rry, seconded by Mr. Myers, the folving were suspended from membership: Olney Loan Society, 5126 N. 5th St., iladelphia; Sherman Finance Co., 2239 Front St., Philadelphia.

Chairman Hart called upon Mr. Badr, President of the A. I. L. A. for a v words, and Mr. Badger spoke to the mbers of the value of membership in A. I. L. A., and urged all to be pres at the convention in Philadelphia in ptember.

Mr. W. F. Persons, Acting Executive ce-president of the A. I. L. A., was roduced to the members by Mr. Hart, d gave a splendid talk which was well ceived.

Mr. Hart thanked Mr. Badger and Mr. Persons on behalf of the members, and assured them perfect coöperation from our Association.

Mr. Kehr, Secretary of the A. I. L. A., was introduced to the new members by Mr. Hart, and spoke to the members urging their attendance at the September Convention.

Mr. Millard brought to the members' attention the recent illness of Mr. Davis, formerly of the Penn Mutual Loan Society, Reading, and made a motion that the secretary write a letter to Mr. Davis deploring his illness, and wishing a speedy recovery, and regretting his absence from our meeting. This motion was seconded by Mr. Gatter.

There being no further business to come before the Association, it was regularly moved and seconded that we adjourn.

W. S. HERRON,
Secretary.

INDUSTRIAL BANKING SEEN INDISPENSABLE

American Association Finds This Type of Service Is Increasing Fast

Gives Average Wage Earner Medium for Investing and Borrowing

NEW YORK, Aug. 23d—The vital position of industrial banking in the United States as exemplified by the results of a survey conducted by the savings bank division of the American Bankers' Association, is not only indictative of the present economic importance of this form of banking, but provides a forecast of the indispensable rôle it must play in the country's future, Arthur J. Morris, president of the Industrial Finance Corporation, said to-day in analyzing the results of the survey.

So fundamentally essential has industrial banking become in the Nation's economic wave, that commercial and savings banks throughout the United States are finding it advisable to provide facilities for this type of credits, the survey showed.

The survey added that the future will see a far larger number of banks creating industrial loan departments, declaring that this channel of credit unquestionably bettered local economic conditions by insuring greater financial success and happiness for the individual. For the guidance of banks now engaging in this form of credit, the survey stated that interest was now widespread in this type of banking and outlined several of the systems employed successfully by banks handling industrial loans.

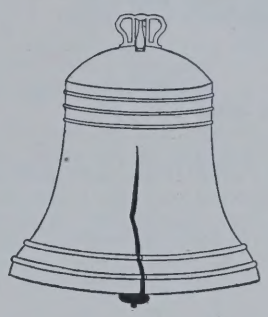
GROWTH IS PHENOMENAL

Its progress becomes the more remarkable, Mr. Morris said, in view of the fact, that his form of industrial banking, which gives the average wage earner a medium of investing as well as borrowing, is scarcely twenty years old in this country, having first been introduced by means of the Morris Plan at Norfolk, Virginia, in 1910.

In observing the twentieth anniversary of the founding of the first Morris Plan bank, industrial bankers from all over the country will assemble at White Sulphur Springs, Virginia, on September 23d, 24th and 25th.

When You're at the Convention in Philadelphia

DON'T FAIL TO SEE THE



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National Loan Form and Advertising Specialists
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A portfolio with samples and prices is yours for the asking.

During the comparatively brief span of years that have elapsed since the opening of the first Morris Plan bank, operations of Mr. Morris and his associates have been extended into 150 cities and towns through 174 banks, companies and branches, lending almost two billion dollars, and of recent years and months the plan's basic principles have been adopted by dozens of Commercial banks—*Philadelphia Inquirer,* Aug. 24, 1929.

COMMUNICATIONS

New York City, July 27, 1929.

A. I. L. A.
Harrisburg, Pa.

Dear Sirs:

As I am very much interested in the small loan business, I am taking the privilege of writing to you regarding the Uniform Small Loan Act.

Although this law has been enacted in almost two-thirds of the states, and supported by some of the most eminent men, civic organizations, and especially the Russell Sage Foundation, it seems that there are certain persons who desire to have this enactment either repealed or made ineffective by reducing the rate of interest.

I have no criticism to offer concerning the motives of these emotional and well-meaning people, but I do find fault with their capacity to reason logically. Also, I beg to remind the worthy critics that this legislation was enacted mainly through the efforts of the Bureau of Remedial Loans of the Russell Sage Foundation, after many years of extensive study and research by this public spirited institution.

I am certain that they lack a knowledge of the circumstances and conditions that brought about the passage of the Egan Act in New Jersey in 1914—legislation that subsequently has been adopted with slight modification of detail only, in nearly thirty states of the Union and which is generally known as the Uniform Small Loan Act.

These people seem ignorant also of the sound economic basis upon which this legislation rests, and also of the great mass of evidence on hand, revealing the great public service rendered by the small loan business over a period of fifteen years. Finally, they seem to wholly forget that wherever an economic need exists some agency will arise, by process of natural law to meet and serve that need. They are unaware of the corollary of this proposition, namely: that any business which does not benefit the ultimate consumer is bound by a process of natural law to die a natural death—surely in a lesser period of time than fifteen years.

As an earnest student of the problem of so-called usury, I respectfully submit to you my analysis of certain ramifications of this everlasting problem for the benefit of those who are ignorant of the many reasons justifying the 3% and 3½% per month rate of interest on small loans in America. I might say in passing, that in England a rate 4% a month on small loans was established recently by an act of the British Parliament, and that no such criticism of this higher rate is being voiced there as we witness on this side of the Atlantic, where a lower rate prevails.

There is a mistaken impression in the State of New Jersey, that the borrower, under the terms of the Uniform Small Loan Act, pays $36 per annum for the privilege of borrowing $100. The truth is that on a $100 loan, payable in one year, the entire cost is $19.50; for a ten-month loan the cost is $16.50. This charge covers everything; moreover, it is not discounted in advance. Despite these facts, the following appeared in the *New York Journal* of September 21, 1928:

"About twenty-five states have adopted a uniform small loan law under which the maximum of interest is prescribed at 3½% per month. That is 42% per annum, or seven times as much as the legal rate on commercial loans in the banks, and it seems outrageously large in view of the enormous sums of money available for loaning purposes in this country. It would impose an interest burden of $42 a year on the man who sought the use of $100 from the loaning institution, while the business man or the corporation paid only $6.00."—W. C. Cousins, Financial Editor, International News Service.

Are there no corrective measures for the stupidity of such syndicated would-be financial experts as the above?

A borrower who repays a loan within two months pays less than 6% for the accommodation. A $6.00 charge for a loan of $100 to a man without credit facilities is surely a boon. On the other hand, should he desire to borrow $300, he may extend his payments over a twenty-month period. To this I may add that many merchants would gratefully pay 3% or 3½% per month on the unpaid balances for a $3,000 loan, providing they were permitted to repay on the monthly or weekly plan over a period of twenty months.

We have been influenced to believe that any interest rate above 6% is unjust and usurious. What are the facts? To begin with—what IS a legal rate, and by whose authority does it become legal? The laws of some countries dictate a rate of 5%, and others as much as 18%. In the United States I find rates as high as 12%. It is not at all unusual for Wall Street lenders of call money to charge 20% or more, with no effective protest forthcoming from any source.

Our commercial banks theoretically charge 6% yearly interest on loans. But, is this true? In my opinion, they charge about 10%, and I can sincerely add, that they deserve every penny of this charge. You may ask how I arrive at this figure. Thusly: if I borrow $10,000 from a bank for sixty days, it is tactily understood that I must leave on deposit at least a $2,000 balance. In other words, I am paying interest on $10,000 for the use of only $8,000. Nine times out of ten I do not draw out the full amount of $8,000 for probably one or two weeks. In the meantime, the bank is using the money for which I am paying interest. Before the sixty-day period is over, I gradually increase my bank balance to meet my $10,000 obligation; yet, I get no rebate on my interest when I increase my balance. If you use your pencil and paper, you will readily see why it amounts to 10%. Therefore, when I am told that I can borrow money from a bank at 6%, I merely smile at the unintentional misrepresentation.

We know that money is a commodity much like wheat, cotton, or other staples, and as such, subject to the fluctuations of the law of supply and demand. Is is not true, that the conventional conception of usury is archaic—a sort of medieval hang-over—and that our attitude toward interest rates and charges for the use of capital is badly in need of up-to-date revision?

In a general sense, personal credit may be classified as follows: prime credit which is furnished by commercial banks; intermediate credit which is supplied by banks of the Morris Plan type; and small loan credit which is made available by small loan institutions. These classifications are similar to first, second, and third mortgages on real estate.

If I want a first mortgage, I need not pay over 6% interest plus a 4% fee for costs, and, in spite of ineffective usury laws, if I want a second mortgage, I am compelled to pay about 12% per year. To continue on this basis, a third mortgage is surely worth 20% per annum. This condition is as it should be, for if we adhered to a 6% rate on all classes of mortgages, only first mortgages would be placed; and home owners and builders would then be handicapped, if not ruined completely.

If this picture is true of the mortgage money market, why expect the Morris Plan to charge 6% as do the banks, or expect the small loan companies to charge the Morris Plan rate? If all credit institutions were compelled to charge only 6% they would in effect all become commercial banks, and the worker and small business man would again be at the mercy of the loan shark.

The collateral acceptable to the small loan office—a chattel mortgage on household furniture—certainly does not fall into the prime credit classification as does a commercial loan or a first mortgage on real estate. Nor is it even the equivalent of a Morris Plan type loan or a second mortgage on real estate. Why then, in view of the above accepted facts, need justification for the small loan rate be argued?

Right here it might not be out of place to state that while the Uniform Small Loan Act is subjected to criticism, one hears no complaint whatsoever of the pawnshop, another type of legalized small loan institution. The pawnbroker in the State of New York charges a flat rate of 2% and 3% per month, and this for a loan on which he holds tangible security. Moreover, the loan is not repayable in installments, thus the borrower is not enabled to reduce the cost of the loan by amortization, nor does he get the benefit of easy payments.

Again it might prove interesting to compare the small loan business with that of installment buying. This type of financing is comparatively as new as the small loan business and is another demonstration of the capitalizing of an economic necessity. That installment buying in the United States runs into millions of dollars yearly is common knowledge. Still, it is well known to every person who has bought on installments, that the extra cost for this type of credit is about 20% and frequently more. Indeed, I understand that the cost of purchasing clothing on the installment plan is approximately 50% over what it would be for cash. Need there be any question in the saving to that person who prefers to borrow from the small loan institution and pay cash for his purchases? Should there be any difference between buying goods on time or buying money on time?

very business man expects to earn at 15% on his capital investment, and commercial banker, in time, should age about 20% net. Any business matter of buying a commodity as ply as possible and selling at a profit; is no different with bankers except their merchandise is money. Do know of any reason why the small institution should not earn at least ? The banking departments of the ral states can verify to the fact that small loan business is not making any e profit than the commercial banker each capital dollar invested in each ective business.

ecause the Commercial Banks buy ey at 2% or less, which approximates net interest they pay depositors, they surely afford to lend money at 6%. Morris Plan system, on the other , cannot buy money for less than which they obtain by the sale of ng certificates; therefore, they surely ot afford to lend money at 6%, they compelled to add a service charge to regular 6% discount rate. Then we that the small loan companies cannot money at 2% nor even at 5%; they obliged to pay at least 8% for their cing capital. Although they are com-d to charge more interest than the rs, yet their profits are not any er in spite of the higher interest rate. most vital consideration in any busi-is that of overhead expense. The head in the small loan office is high use of the handling of numerous l accounts and is augmented by the ction problem.

ne average commercial bank loan is er than $15,000, yet the cost of hand-this loan is no more than that of dling a small loan which averages nd $150.

the cost of handling a $15,000 com-ial loan is no more than that of a l loan of $150, what would it cost for all loan institution to lend out $15,-

This is, in effect, the difference be-n a whole sale and a retail business. then possible, under these conditions, he small loan office to lend money at same rate as the commercial bank?

ne National City Bank of New York, rica's richest bank, loaned out during first year of their small loan experi-the enormous sum of $16,000,000, all this without a profit!

is money was loaned out with the test free advertising ever received financial institution; by a company dy long established in business; with nlimited amount of money that cost less than 3%; with the facilities of y established branches scattered ughout Greater New York; without tically any capital expenses; and with f that, they could not show a profit. after all this, our good-hearted s expect companies with limited cap-and facilities to lend money at 6%. reminds me of the old story of ng the bell on the cat.

is an accepted fact that if a man to a small loan office for a loan, he so because he has no other place to ow. Since this truth is evident, then ould like to ask one question; the er to this question comes nearer to a l justification of the 3% and 3½% than any other reason that I know. us suppose that a New Jersey resi-needs $150 urgently, and that this is for an unexpected, worthy, and constructive purpose, and that it is to be repaid in one year; the question is this: is it worth while for a man to pay a total charge of $29.25 for a service that he cannot get any where else? This question has been answered affirmatively by millions of borrowers during the past fifteen years in over a score of states.

Tampering with the present status of the small loan business can only bring serious consequences in its wake. Reduction of the 3% and 3½% rate will have one immediate effect: to drive legitimate capital out of the field, opening again thereby the road for the loan shark, who is no more or less than the product of restrictive laws. In order that the loan shark exist in his outlawed enterprise, he must and no doubt will, as in the era preceding the Uniform Small Loan Act, charge 10% to 20% per month and even more. I wonder if these same sentimental critics will hail the return of the loan shark as a benefaction to the worker who to-day makes constructive use of credit more than ever.

Legitimate business enterprise, in this instance, can be legislated out of existence, but the basic economic fact of the need of small loan institutions remains, and that, unfortunately for the reformer in this instance, is the crux of the situation.

I close my letter in a spirit of kindliness toward those people who misguidedly are seeking solution of a problem that is already solved. As I said above, I believe they are, generally speaking, motivated by the best of intentions.

Yours very truly,

(Signed) HYMEN ALPERN.

(Mr. Alpern is a M.A., Ph.D., and a lecturer, educator and writer.—Editor.)

THRIFT BY INSTALLMENTS

Discussing the "new thrift" under the heading "It Pays to Borrow," William O. Scroggs makes the point in the *Outlook* that "the maxims of Poor Richard are still recognized as basically sound, but they are practiced in a different way under a new economic order." Specifically, he considers buying on the installment plan, a system for many years confined to the "very poor and thriftless" who bought often ill-advisedly under conditions that let Southern negro victims of hard and conscienceless creditors to call it, not without justification, the "stortion (extortion) plan."

The Chamber of Commerce of the United States figures to-day that one-sixth of the goods sold at retail are taken out of the stores on time-payment arrangements. This is a highly important fraction of the commercial business of the country; the practice has been made regular and respectable; no suggestion of recklessness, extravagance, waste now attaches to purchase and enjoyment, of an article during the period required to accumulate its price. Formerly a man saved and bought; now he has approved opportunity to buy and save.

Mr. Scroggs says that "where the proper principles are observed, where the commodity is useful and durable and its possession increases the well-being of the purchaser, installment buying, instead of breeding spendthrifts, may actually encourage the saving habit. This has long been recognized when homes have been bought on partial payments. In these

DO YOU WANT TO

BUY

or

SELL

AN OFFICE?

IF YOU WANT TO BUY

We have several very desirable offices for sale at attractive prices. Complete data can be furnished at once.

IF YOU WANT TO SELL

Give us full particulars. We are in close contact at all times with responsible parties who will pay fair prices for good offices. All information held in confidence.

MR. W. I. MARSH

will be in attendance at the National Convention and will be glad to be of service to any one interested in buying or selling.

The Wm. I. Marsh Co.

229 W. Illinois St., Chicago

Organized for the Sole purpose of Serving Industrial Loan Offices. Send for Our Portfolio of Forms and Advertising.

later days it has been found that there are other things than houses and lots which may be bought on time with no impairment, but rather with an encouragement, of the saving habit." There has long been a particular virtue associated with purchases of a piece of land; its possession endowed the owner with the qualities of stability and sobriety in management of his affairs. It might be a house and lot mortgaged up to the last dollar a misguided or craft lender would let go on a title that was not much more than the record of a happy ambition; the fact that every dollar of that title holder's income was gone before he got the chance to pass it from one hand to the other made no difference; saving to pay the mortgage was most praiseworthy. There seems to be in fact no reason why saving to meet the next installment should be less creditable, and it is so regarded, judging by the manner in which great corporations, and little buyers, and everybody in between them, have taken to it.

Industrial Lending from the Inside

By Everett A. Rudloff

Assistant to the President, National Cash Credit Association

and

Member Executive Committee, N. J. Industrial Lenders' Association

We do not simply lend the man money and send him out of the office. We prescribe for his fiancial ills and then help him fill the prescription. This frequently entails an expensive type of service, using much time and entailing activities which would not ordinarily be considered part of an industrial lending business. Yet we would not be rendering the high type of service we desire to give if we did not try in every way possible to put these necessitous borrowers on a better footing and help them out of their trouble. Here are a couple of typical examples:

A man went to one of the better companies for a loan at a time when he was greatly depressed. His wife was in the hospital and their baby boy was just recovering from a long, severe illness. Hospital bills, doctor bills, etc., has exhausted his savings. He applied for a $200 loan. Investigation showed him to be of good character and average earning capacity. The loan was made, thus consolidating his debts and giving him a number of months in which to pay. With this load off his mind he became more optimistic and when his wife came out of the hospital she quickly recovered her health, due, she says, to the fact that she was relieved of financial worry by constructive help. Their account is always paid one month in advance and they have recommended several other persons to take advantage of our service.

On account of ill health, another man had been out of work some time, and had several bills which were long past due. He had just obtained a position as collector for a local concern when he applied for a loan. He needed about $100 to clear up his bills and the company employing him required a deposit of $100. Upon investigation, he proved to be a reliable, steady worker of good character and got the loan, each payment on which was promptly met. Without that service he might have been unable to take the position and would have drifted from a bad financial state to a worse one.

The outsider thinks the rate of three or three and a half per cent a month is the interest charged. The insider knows that this is not so any more than the cost of a title search, lawyer's fees and bonus paid in the obtaining of a second mortgage on your home is to be considered as part of the interest charged on that loan. The law realizes the cost that enters into the conduct of an industrial lending business and has made the return only large enough to take care of it and give the investor a return on his capital commensurate with the risk involved.

There are about 2,300 loan offices now in operation in the states which have adopted the Uniform Small Loans Law. Three-quarters of these offices are independent units. About one-quarter of them belong to large industrial loan chain organizations. There are several of these chains, each of which has more than thirty offices scattered over the various states. These chain organizations include the Household Finance Corporation, Beneficial Loan Society, Community Finance Service, National Cash Credit Corporation, Industrial Loan Society, New England Equity Corporation, Guarantee Loan Company, Personal Finance Company, American Loan Company, Popular Finance Corporation, Capitol Loan Company, Commonwealth Loan Company, and the Metro Loan Company.

Outsiders like to believe that these organizations, as well as the independent offices, follow the Small Loans Act only as far as they must and seek shady methods of conducting their business for greater profits to themselves. Yet nothing could be further from the truth.

The leaders in the industrial lending business have organized the American Industrial Lenders' Association, to which most of the chain groups and a large percentage of the independent units belong. Members of this Association are guided in the conduct of their business by a very strict code of ethics.

In various cities there are industrial lending exchanges where competing offices and organizations combine forces to see that the letter and spirit of the law is upheld.

The man who has had no contact within the industrial group assumes that its members are men of only mediocre ability and lack a certain fineness of character. Else, they will argue, how could he be in the industrial lending business? Yet from personal observation, I would say that the representatives of the industrial lending business, as a group, are of as high a character and possess as high a grade of intelligence as the members of any similar organization in any other business I have ever had contact with. It is through the efforts of these men that the industrial lending business of to-day has achieved its present place in public favor and it is through their vigilance in adhering to the highest ideals in the conduct of that business that it may some day hold the same pu respect as commercial banking.

And what does the borrower think all this business of lending money? D he resent the treatment he receiv Does he resent the charges? Would have the present situation chang These are questions which an outsi must answer if he would avoid the cha of condemning a business through pre dice rather than by fact.

After having interviewed a large nu ber of borrowers, both from the angl a newspaper man before I became ide fied with the small loan business, since, as an actual operator in this b ness, I would say that the average b rower is grateful for the situation a exists to-day. I find that he does resent the rate charged or believe it exorbitant charge for the service. S of the borrowers, in all likelihood, h had some acquaintance with loan sha or know something of their meth Hence they know what really exorbi rates these outlaws charged, and many devices used to keep necessit borrowers in debt. Consequently, w the borrower finds a legal source of c credit at a rate only a fraction of w the loan shark charged, he has a fee of gratitude for the new order of thi

No one realizes better than he the adequacy of the security he has to of He has only his character and his re tation with perhaps a few sticks of niture or a signature or two that no c mercial bank would even look at. the fact that the bank will not loan any money does not remove the neces for it and here is where the legitimate dustrial lending organization, opera within the provisions of the Small Lo Act, fulfills its destiny and provide meritorious and worthwhile service to community at large.

When a man has had a number of d hanging over him for a long time, w he has arrived at the point where h ashamed to meet his creditors face face, he needs something more t money. He needs encouragment and needs also a new mental attitude.

A gift of enough money to straigh up his debts would not have a desir effect, but a loan made him on the b of his character gives him evidence despite his misfortune, he still has respect and confidence of someone wh willing to trust him.

The effect on his morale is tremend He feels encouraged to go on and f the thing out and he finds in the in trial lender a willing advisor who show him how to budget his income, l to buy wisely and how to solve m other angles of his financial and perso difficulties.

The main point I want to get ove this: Most of the personal loan c panies, or as they are better known, industrial lending companies, are, thro stock ownership, coöperative organ tions in which any profit made i credit serve to working people is retur to investors of practically the same cl Of course the business has attracted m larger investors, too, but the bulk those who put their money in the ventu outlined in this article are just ordi middle-class people.

Industrial lending must be conside as a vital part of the great scheme of stallment buying. The business fill

(Concluded on page 12.)

Bill" McCullough Says ~

"Here's How!

it will pay you to

See Me at Philadelphia"

RECENT developments, both legislative and otherwise, have made it more than ever necessary for the Industrial Lender to look to his advertising—to make sure that it is interesting—convincing—result producing.

As I have said in this space before, the only test of advertising is the results it produces. The man who is up against it and needs money is not interested in clever writing or pretty pictures. He wants the facts and figures—in a simple, understandable, convincing manner.

The advertising which I offer you is written from the borrower's standpoint. It talks his language. It doesn't beat around the bush, but gets right down to brass tacks and to business.

That's why it is producing such unusual results for so many leading companies. Just for example, one company, using my service exclusively (both newspaper service and a specially planned mailing and circular campaign) showed a bigger increase the first *six months* of this year than they had had in the *two previous years.*

And that's why *it will pay you* to see me at Philadelphia—see my complete year's newspaper advertising service and a few of our latest ideas in circulars, folders, mailing pieces, etc.

If you are not going to the convention, I shall be happy to send you samples and quote you prices by mail.

McCullough
Complete Advertising Service
for *Industrial Lenders*

McCULLOUGH PRINTING CO., *Inc.*, Murphy Building, INDIANAPOLIS

INDUSTRIAL LENDING FROM THE INSIDE

(Concluded from page 10.)

definite need in the social and financial structure of the modern community and when properly conducted is one that deserves its meed of prestige and consideration.—*Reprinted from the August, 1929, N. C. C. A. News.*

SMALL LOAN BIBLIOGRAPHY

The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges, by Reginald Heber Smith. 10c per copy.

The Trend and Progress of the Movement to Improve Small Loan Conditions, by Arthur H. Ham. Booklet form, 5c per copy; de luxe edition, 10c per copy.

The Philosophy of the Uniform Small Loan Law, by Walter S. Hilborn. 10c per copy.

The Need of Adequate Small Loan Legislation, by Walter S. Hilborn. 10c per copy.

The Small Loan Act, by Walter S. Hilborn. 10c per copy.

Weathering Rainy Days, by Leon Henderson and Rolf Nugent. 10c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

Industrial Lenders News. $1.00 a year, 10c per copy.

Ways to Locate a Skip. 10c per copy.

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Putting the Heart Into the Chattel, by Hon. Chas. J. Orbison. 5c per copy.

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Illinois Supreme Court Decision. 5c per copy.

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Map Showing states having anti-loan shark legislation. 5c per copy.

The Future of the Small Loan Business, by Dr. F. W. Ryan. 5c per copy.

The Personal Loan Companies, by Dr. F. W. Ryan. 5c per copy.

The Significance of the British Money Lenders Act of 1927, by Dr. F. W. Ryan. 10c per copy.

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Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

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Usury and Usury Laws, by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets:

An Address, Re Industrial Loan Bus ness, by Senator John Dailey, Peoria, I

Modern Scientific Efficiency and t Business of Industrial Banking, by Cha G. Mueller, Philadelphia, Pa.

Building Your Business on Good Wi G. W. Farrington, Indianapolis, Ind.

Helping Each Other, by C. G. Muelle Philadelphia, Pa.

The Industrial Loan Companies' Pa in the Readjustment, by W. G. Steve Detroit, Mich.

The Advantages of Membership State and National Industrial Lende Associations, by E. F. Moore, Philade phia, Pa.

Industrial Lending as a Communi Asset suitable for a lecture before publ welfare organizations. Ten cents p copy.

How to Organize a Lenders Exchan Bureau, by A. L. Wick.

Loan Shark Is Now Vanishing, Elizabeth G. Stern.

Report of the Interim Committee the Minnesota House of Representativ on Small Loan Legislation. Ten ce per copy.

Please remit cash, money order check for any of the above articles d sired, to the American Industrial Lende Association, Box 778, Harrisburg, Pa

The Importance of Adequate Trade Organization

By Burr Blackburn

(Continued from last issue)

Nomenclature

To an outside observer the high standing and general recognition attained by this business is remarkable when the unsavory reputation of its past is considered. This has been all the more difficult because none of the old nomenclature has been dropped, as policies have changed.

The necessity for a careful revision of nomenclature can be emphasized for two reasons:

1. To break the connection in the public mind between the reputable processes of the modern program of family finance, and the ancient discredited order. The masses do not think,—they respond to their emotions developed in childhood. Centuries must pass before the words "Lender" and "Loan" cease to suggest "Shylock" and "Loan Shark," extortion, exploitation, extraction of the "pound of flesh." In a recent analysis of the business Hugh F. Reilly, President of the Bankers Capital Corporation, says, "The first bankers were called "money lenders" and *needless to say* were frowned upon." The banks early abandoned these polluted words, and one seldom finds them used in connection with banking. The endorsement discount companies have followed the example of the banks. On the other hand, our group has not only insisted upon retaining the old words but has invented the term "salary buyer" for the high rate operator, apparently with the view of retaining the old nomenclature for our exclusive use.

Those who have been in the business a long time probably do not realize the impossibility of changing the public attitude toward these words. As someone has recently said, "A fallen word, like a fallen woman, cannot be redeemed." When Arthur Brisbane wishes to throw mud on the Wall Street Banker, he calls him a "money lender." Recently President Hoover addressed Congress on the small loan problem, but not once in the address did he use any of these discredited words.

2. To abolish the defense complex, the inferiority complex, which handicaps the operators. One of the blessings of the human psychological make-up is the capacity of the memory to reject distasteful, unpleasant experiences. They are left in the dim haze of forgetfulness, and do not rise to plague us, unless something in the environment constantly suggests them. For the sake of those who live and carry this business to further victories, we should let the dead past bury its dead.

Hence I should most urgently suggest that the words "Lender," "Loan," "Borrow," and "borrower" be dropped from the literature, advertising, and conversation of the business.

There has been an effort to adopt the term "industrial banking." This, however, meets the opposition of the banks. Recently the New Jersey Department of Banking has prohibited the companies from using the word "bank" in their titles. The bank, in the public mind, is primarily a place of deposit, and hence the use of the term is confusing. The word "industrial" is unwise for two reasons. It is usually applied to industrial property and management, rather than wage earners. The business of financi families on the security of chattels a wages is increasingly extended to othe than industrial wage-earners.

The best name for anything is th name which most definitely describes After all this is a business of financi the American family,—of providi needed funds for the basic unit of s ciety, the unit which all our institutio are created to defend and to serve. Wh more descriptive term could be used tha "Family Finance"?

On this basis some such substitut as the following would be in order:

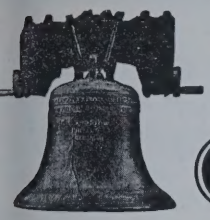
For "The American Industrial Len er's Association,"—"The Americ Family Finance Association," or "T American Association of Family Finan Companies."

For "The Small Loan Law,"—"T Family Finance Law."

Local companies could substitute "fa ily finance" for "loan" in their titles, "The Provident Family Finance Co pany," "The Phœnix Family Finan Company," etc. Such names as "T Household Finance Company," "T Personal Finance Company," "The Fa ily Finance Company" would not ne changing.

In revising an article recently to co form to this suggestion I was amaz at the variety of words that are f more expressive which may be used. F the word "loan" in different places substituted "advance," "account," "fina ce," "security," "notes," "paper," "cre

(Concluded on page 14.)



AILA Convention News

ol. 15 PHILADELPHIA, SEPTEMBER 18, 19, 20, 1929 No. 4

FINAL EDITION

We'll Miss You a Lot if You Don't Come to the

15th Annual AILA Convention

PHILADELPHIA

September 18, 19, 20

BUT—

We Won't Miss Half as Much as You Will

BETTER COME. There will be big business, big fun and big returns on your investment of time and money. We'll look for you at the Bellevue-Stratford

THE IMPORTANCE OF ADEQUATE TRADE ORGANIZATION

(Concluded from page 12.)

it," "financial assistance," "money," "need,"—and in each instance I was able to present a greater refinement of meaning.

Likewise for the word "lender" I substituted "operator," "licensee," "creditor," "family finance manager," "business."

For the verb "lend" I substituted "advance," "provide funds," "handle accounts," "grant credit," "distribute," "disperse."

For "borrow" I used "secure funds" or "secure relief," or "obtain money."

"Borrowers" can usually be described as plain "people" or "persons," or "customers," and I should think they would appreciate being classified along with the rest of the human family. However, if it is necessary they can be "necessitous," or "embarrassed," or "debtors," or "aplicants."

Funeral for "Loan Shark"

A second suggestion is that we discontinue the use of the word "loan shark," and substitute therefor the words "illegitimate lender." The old word does not distinguish between those who grant credit within the law, and the illegal operators. No one by any stretch of the imagination could connect a licensed family finance company doing business in the light of day, with an "illegitimate lender." Also the term carries with it the implication that the business has been prohibited by law, and places the blame where it belongs,—on the law and not on the individual operator.

This suggestion, carried to its conclusion, would mean that future legislative campaigns would be devoid of persecution of individuals, but would be directed against the law. "High interest rates would be explained as the result of legislative tampering with economic laws. The repercussions that come from sensational "loan shark" campaigns would be eliminated. The one misfortune in the history of the business is the manner in which it has tried to use popular prejudice, ignorance and misunderstanding to its own advantage. Had effort been devoted to explaining the simple economics of the interest rate, revealing the illegitimate lender as merely dispersing capital whose price was fixed by its scarcity, instead of a villainous demon of the underworld to be run down and destroyed, the legitimate business would not have been spattered with so much reflected mud. The illegitimate lender is not the only result of the absence of capital to meet consumer needs,—he is not even the most damaging result. Court judgments, garnishments, rental ejectments, tax sales, mortgage foreclosures, repossessions, bankruptcies, tell a more tearful story of the family's embarrassment—in small city as well as industrial center. Columns of type have been used to teach the public that the dealer in personal credit is a moral and spiritual degenerate, and after the law is passed, the licensees wonder why that same public thinks of them as wolves in sheep's clothing.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

William H. Spencer, Dean, School of Commerce, University of Chicago, says:

"Mr. Ryan's book is a scholarly discussion of economic and legal aspects of usury and ought to aid in its solution."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

Suggested Changes in Constitution of National Association

Conference with leaders in National Trade Organizations and study of the literature which is submitted herewith suggests a number of changes in the constitution of the National organization.

Since Mr. Blackburn prepared this article a committee consisting of Dr. Chas. G. Mueller, Chas. H. Watts, Burr Blackburn, F. B. Hubachek, W. F. Persons and G. J. Badger has been appointed to redraft the National Organization Constitution and By-laws and it is the committee's purpose to have a copy of its draft reach every member before the convention. If this arrangement fails of execution, be sure to attend the convention and lend your help in the adoption of the best document it is possible to get to meet the situation. The Editor.

THIS MEANS YOU!

Look at your records right now and see if you have sent the Secretary your DUES for this year. Some of our best members forget to send us dues when payable, and we want all of you to be in good standing for the National Convention. If you find you have not paid your dues up to February 1, 1930, send us a check immediately.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia and the New Method Loan Co., Springfield, Mass. Information upon request.

No Exaggerated Statements

Are Necessary on

S-V-Individualized Direct-by-Mail Letters

The results obtained by the loan companies, banks and building and loan associations which have used them speak for themselves.....

After all, to the advertiser, it's results that count. Our mediums bring them.....

IF YOU WANT TO OBTAIN NEW ACCOUNTS IN AN ETHICAL, HIGH CLASS MANNER AND ASSIST IN BUILDING UP PRESTIGE FOR THE SMALL LOAN BUSINESS IN GENERAL,

—USE—

S-V-LETTERS

Write for samples and particulars

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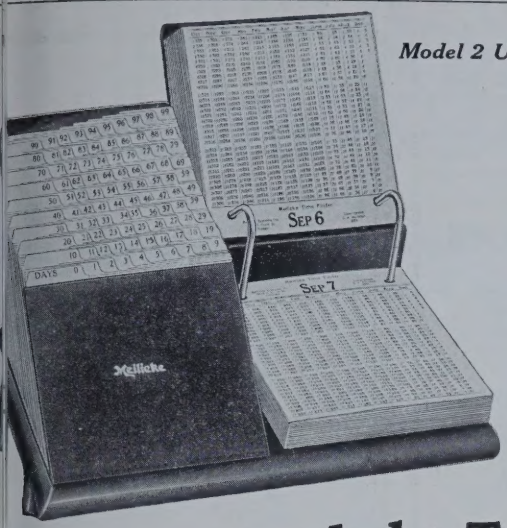


Model 2 U.

–so we built 3 CALCULATORS *in* ONE!

And now you'll only need one device to calculate Time, and any of three rates of interest.

LAST! It is no longer necessary have *three* Meilicke Calculators at d for each operative, when only of the models illustrated here will culate one, two, or three rates,— l tell elapsed time as well!

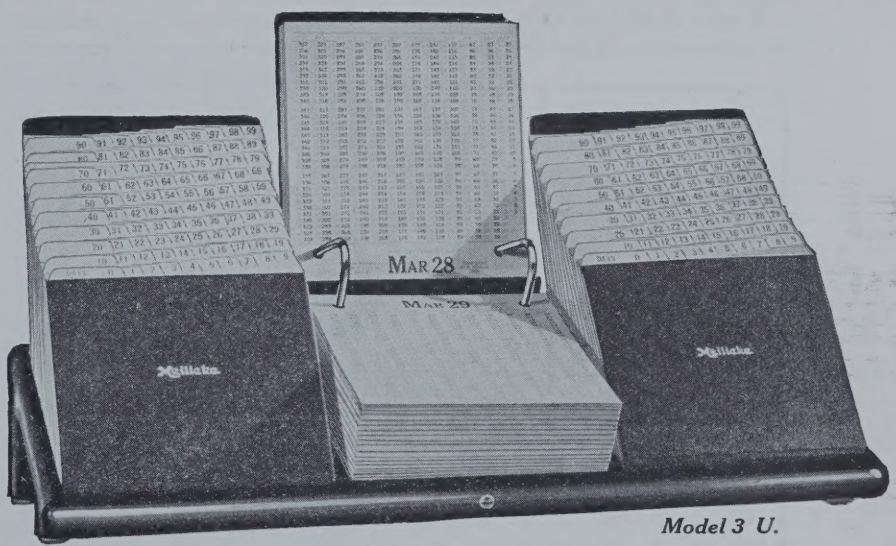
ese new Meilicke Calculators are ply combinations of the models st in demand in loan offices. If charge *more than one* rate of in-est, you save money, time, desk-ce, and trouble.

e new model Meilicke Calculator, ich you indicate on the coupon, is dy and waiting for you for 10-day e trial.

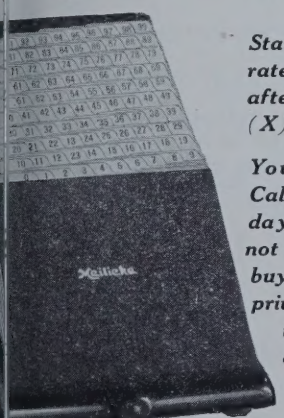
MODEL 2 U. Furnishd either as Combination Time and Interest Calculator, or two Interest Calculators.

MODEL 3 U. Furnished either with two Interest Calculators and Time Finder (as shown), or three Interest Calculators.

MODEL U. Furnished as either Time Finder or Interest Calculator.



Model 3 U.



Model U.

State your interest rates on the coupon after the Model (X) you need.

Your accepting a Calculator on 10-day free trial does not obligate you to buy; you have the privilege of returning at that time at our expense.

Meilicke Systems, Inc., 3462 N. Clark St., Chicago

Please send us, on 10-day free trial, a

- ☐ Model U___% Interest Calculator
- ☐ Model 2U___% ___% Interest Calculator
- ☐ Model 2U ___% Time and Interest Calculator
- ☐ Model 3U___% ___% ___% Interest Calculator
- ☐ Model 3U ___% ___% Time and Interest Calculator

Firm .....

Address .....

Attention of .....

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Time Saving Devices

Meilicke Calculators are made for the following rates:
1½%, 1¾%, 2%, 2½%, 3%, 3½%.

Fill in the rates required and check the one you want.

IMPORTANT

Be sure to be at the Bellevue Stratford Hotel, Philadelphia, September 18, 19, 20, to help arrange the big program contemplated for the coming year.

MEETING SCHEDULE

NATIONAL CONVENTION—Philadelphia, September 18-20.

FLORIDA—Jacksonville, October 4.

MASSACHUSETTS—Boston, October 16.

MICHIGAN—Detroit, October 17.

GEORGIA—Atlanta, October 25.

PENNSYLVANIA — Philadelphia, November 13.

INDIANA—Evansville, November 20.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

Loan Offices Wanted

Will Buy Individual Offices or a Chain of Any Size

Outright Purchase

or

Participation in Ownership

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Industrial Lenders News
Harrisburg, Pa.

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—finer in appearance—more compelling in copy—stronger in business building appeal than ever—will be on your desk soon. Wait for them. You will want to put some of these to work for you. Their proven pulling power will get you new and greater loaning volume with a minimum of expense. To make certain that you get *your* sample "Winter Written" folders write, asking for them now.

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N. A. WINTER

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S E P T E M B E R Z I P !

September is a month of cool, peppy zest and go! A month for starting things and following them through!

Your eye is clear, your brain sharp, your enthusiasm high, and your whole body tingling with the joy of life—now is the time to lay plans for the whole winter.

Set your goal—the job ahead—a raise in salary. One way to get both—remind the Boss of your ability, remind him that you get the best results, that you are wide-a-wake, peppy, full of ideas—that you are too good a man for him to risk losing!

Start this very minute!

Let us give you the best ideas in the loan business on slows, new business, skips, management short-cuts, law, advertising—how a loan office is best run!

Action carried through will get you that raise and a bigger job—mail the coupon now!

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Gentlemen: Please send me without obligation, information about your course in Successful Loan Office Management.

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INDUSTRIAL LENDERS NEWS

fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

THE LIBRARY OF THE NOV 6 1929 UNIVERSITY OF ILLINOIS

. XIV, No. 4. OCTOBER, 1929 Price, $1.00 a year; Single copies, 10 cents.

Fifteenth Annual National Convention

lore than thirteen years after the or-ization of the American Industrial ders Association in Philadelphia, il 1916, the association came back to birthplace to celebrate its fifteenth iversary. Not many organizations can st of fifteen birthdays in a little more thirteen years but that is only one the distinctions for which the A. I. A. is noted.

or the curious let me explain the going mystery as follows:

he old timers who organized and red the destinies of the A. I. L. A. ng the year of its birth, determined it was not sufficient to hold one na-al convention in 1916, but in addition he national organization meeting held Philadelphia, in April, they decided there was so much to be done before A. I. L. A. could function properly another national meeting should be was held in Atlantic City, in Sep-ber, 1916. These two meetings were ruth national conventions and were during the year the Association was nized.

he next national convention was held Cedar Point, Ohio, July, 1917, and ough only about one year had elapsed the Association was organized, e" Mueller, who was bringing to a his first successful administration National Chairman at Cedar Point, is ority for the designation of the ar Point Convention as the third an-national convention and for the ence that made the Philadelphia, 1929 ention, the fifteenth annual national ention. Let him who objects, try to ince "Doc" that he is wrong.

hiladelphia was proud to welcome her offspring which so far as num-is concerned, had grown from an nization of one or two hundred to of almost one thousand full-fledged bers.

he local committee in charge, consist-of Messrs. A. V. Hart, W. F. Buck, P. Gatter, W. Young, and H. G. son, covered themselves with glory, t was the concensus of opinion that convention surpassed its predecessors ery respect. In the first place, it was best attended National Convention held anywhere. It received the st publicity as evidenced by the thou-s of lines which came in from the papers of almost every state of the n.

e entertainment features were of the st class. The registration features handled with no inconvenience. But most of all, the happiness observed on the faces of all who attended indicated that they were being well taken care of by all committees.

Previous conventions have been honored by the presence of distinguished speakers but certainly none of them could boast of a greater number of men in the public service. All who attended were well repaid by the fine addresses, both on our business and entertainment programs.

ALBERT P. SNITE
Our New President

Being preceded by a meeting of the Executive Committee, held in the Bellevue-Stratford Hotel, Tuesday, September 17, which was attended by all the members of the Committee, and many other members of the Association representing both large and small interests, the convention was advised in advance that there was much important business to be transacted before adjournment could be taken.

It was also evident that the future policies of this organization, as embodied in the proposed new Constitution and By-Laws would require thorough consideration and wide understanding before adoption. The Executive Committee and its specially created committees worked on these problems, between all the sessions of the general convention, with the result that with the exception of two debatable questions below referred to, the Constitution and By-Laws were unanimously adopted on Friday, September 20. The question of a new name for the organization and of the rate and amount of dues to be paid by members in 1930, after debate, were committed to decision in the discretion of the Board of Directors. These questions will be decided when that Board meets in Washington, D. C., December 16, 1929.

WEDNESDAY MORNING, SEPTEMBER 18, 1929

President Badger called the convention to order in the Clover Room of the Bellevue-Stratford Hotel, at 10:15 A. M. The Reverend Walter Crossing, pastor of the Methodist Episcopal church, of Westville, New Jersey, gave the invocation.

In the absence of the Mayor of Philadelphia, President Badger introduced Philip H. Gadsden, president of the Philadelphia Chamber of Commerce, who delivered a most cordial address of welcome on behalf of the great organization that he represented. Mr. Gadsden said in part:

"One of the very pleasant duties which I have to perform from time to time as president of the Chamber of Commerce is to extend the greeting of the business men of Philadelphia to a business group such as yours, and it is a special privilege and pleasure for me to-day to extend a greeting to this organization which has brought the facilities of banking within the reach of industrial workers, both men and women.

"The history of banking throughout the ages has been that systems have been devised for the management, the use and facilities of the manufacturer and merchant and of that small portion of every community who have sufficient material assets to guarantee the payment under the law.

"While individual character has always had its value, the emphasis was not laid and is not to-day laid on personal character so much as upon good banking collateral.

"The genius of your organization, the plan of the organization which you represent, as I understand it, is that you have reversed that old age system plan that you place the emphasis upon human character; that you are willing to loan your money and take the risk of it to

INDUSTRIAL LENDERS NEWS

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W. Va.—F. H. Withrow, 27 Arcade, Charleston.
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W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

be paid based upon the general assumption that human nature is essentially honest and that the greatest collateral in any business is industry, personal integrity, and trustworthiness.

"It seems to me from that standpoint that this Association of yours illustrates and typifies the extraordinary advantage which has come over the standards of American business. In place of the distrust and suspicion which years ago characterized all transactions in barter and exchange, when each merchant held on to the goods while the customer was examining them for texture and quality, we have substituted a system of national and international credit. In place of biting the coin to find out whether it was spurious, which was a practice not so long ago in the experience of the world, we have substituted a system of universal checks. In place of the old and inhuman doctrine of the common law, *caveat emptor,* which meant, "Let the purchaser beware," we have substituted in this Twentieth Century the humane doctrine and enlightened philosophy that sound prices guarantees a sound article. All of which indicates that we are moving more and more along the lines of recognition of the essential value of human character.

"I recall that J. Pierpont Morgan made a statement which has gone down as a maximum in the industrial and business life of America, that in his judgment loans were influenced more by human character than by the quality of the collateral."

Mr. Gadsden's address was greeted with much applause and after it had subsided, President Badger introduced A. V. Hart, chairman of the Pennsylvania dustrial Lenders Association who tended a warm address of welcome behalf of the local State Associa which acted as host.

Although Mr. Hart was busy all day and night before the convention v public service matters, he still had ficient voice left to pay a public tri to the Philadelphia Chamber of C merce for its wonderful coöperation helping arrange the multitudinous de incident to this convention. Messrs. H son, Buck, Gatter, and Young also ceived his commendation for the parts they had in the preliminary w and much of the rest of the prog which was still to be enjoyed. Let " talk for himself a little while:

"I want to say at this time the c mittee will render any service that t possibly can except one thing, and is, get you tickets for the World's Se Anything else they can do for you be done. If any of you are going Atlantic City, reservations will be m for you. If any of the ladies desir shopping tour, it can be arranged. want to say that it is with sincere pl

Statement of the ownership, management, culation, etc., required by the Act of gress of August 24, 1912, of INDUST LENDERS NEWS, published monthly at risburg, Pennsylvania, for October 1, 19

STATE OF PENNSYLVANIA } ss:
COUNTY OF DAUPHIN }

Before me, a Notary Public in and for state and county aforesaid, personally appe GEORGE W. KEHR, who, having been sworn according to law, deposes and says he is the editor of the INDUSTRIAL LEN NEWS, and that the following is, to the bes his knowledge and belief, a true statemen the ownership, management, etc., of the a said publication for the date shown in above caption, required by the Act of Au 24, 1912, embodied in section 443, Postal I and Regulations, printed on the reverse of form, to wit:

1. That the names and addresses of the lisher, editor, managing editor, and busi managers are:

Publisher, AMERICAN INDUSTRIAL LEN ASSOCIATION, 10 S. Market Square, Harrisb Pa.

EDITOR, GEORGE W. KEHR, 10 S. Ma Square, Harrisburg, Pa.

Managing Editor, none.

Business Managers, none.

2. That the owner is: AMERICAN INDUST LENDERS ASSOCIATION, 10 S. Market Squ Harrisburg, Pa.

3. That the known bondholders, mortga and other security holders owning or hol 1 per cent or more of total amount of bo mortgages, or other securities are: None.

4. That the two paragraphs next above, ing the names of the owners, stockholders, security holders, if any, contain not only list of stockholders and security holders as appear upon the books of the company but in cases where the stockholder or security h appears upon the books of the company as tee or in any other fiduciary relation, the n of the person or corporation for whom trustee is acting, is given; also that the two paragraphs contain statements embra affiant's full knowledge and belief as to the cumstances and conditions under which s holders and security holders who do not ap upon the books of the company as trustees, stock and securities in a capacity other that of a bona fide owner; and this affiant no reason to believe that any other person sociation, or corporation has any interest d or indirect in the said stock, bonds, or c securities than as so stated by him.

5. That the average number of copies of issue of this publication sold or distribu through the mails or otherwise, to paid scribers during the six months preceding date shown above is. (This information re quired from daily publications only.)

GEORGE W. KEHR, *Edito*

SWORN TO AND SUBSCRIBED BEFORE ME, this 20th day of September, 1929.

(SEAL) BENJ. N. HERMAN, *Notary Publ*

My commission expires **Feb. 21, 1931.**

, coming right from the heart, that are glad to welcome you to our town." pplause.)

fter thanking Mr. Hart, President lger asked the secretary to read a er from the Philadelphia Lenders Exnge in which greetings were sent, at conclusion of which he remarked that large basket of beautiful flowers to left of him was the gift of the ladelphia Lenders Exchange.

t this time President Badger made a f address touching upon the achieveits of the Association during the past , paying particular attention to the ndment to the Lloyd Act in Ohio, to the selection of W. Frank Persons ccupy the position of Executive Vicesident of the Association. Attention also given to the setbacks, legisvely speaking, which have occurred Maine, New Jersey, West Virginia, Missouri.

resident Badger called on William ng, who gave an interesting report he work of the Membership Committ during the past year. He said that ugh his and the secretary's office, new members had been enrolled, and 121 members had been lost through gnations and other causes. He re- ed a total net membership of 951 as pared with 863 at the same date the ious year.

r. Young paid public acknowledgt to the secretaries of the different associations for the coöperation each given him in his efforts during the year, to build up the membership.

t this juncture Tate Harrison walked he aisle from the rear of the room stopped in front of the president. ressing the president, he said:

hate to interrupt this meeting at time but if it is agreeable to you ould like to say a few words," and inuing in his humorous way, wound with a presentation speech in which secretary was presented with a Telen Clock with Canterbury and Westter Chimes. The secretary being both rised and shocked, had difficulty in essing his grateful appreciation of handsome testimonial given in apiation of his services for the past een years.

resident Badger then called on Virgil Moore, who gave the Report of the mittee on Legislation, stating in part the Uniform Small Loan Law was enacted in any state during 1929 legve sessions, that Section 16 of the orm Small Loan Law was enacted Missouri and Ohio, and the limit of maximum loan in the Ohio Law re- d to $300. The bills introduced in ida, Missouri, West Virginia, and consin, intended to repeal the Uni- n Small Loan Law had failed to pass. purporting to reduce the interest of the Uniform Small Loan Law introduced in some states and sup- d by loan shark interests. Generally failed to pass, but in four states they eeded. The constitutionality of the siana Small Loan Law was sus- d.

he Report of the Law Committee was n by F. B. Hubachek, in which he wed the functions of his committee, g that his committee had coöperated the Legislative and Vigilance Com- es during the past year with satisfac- results. Mr. Hubachek commented the Hill Case in Louisiana and the att Case in Virginia. The Hill Case resulted in sustaining the constitutionality of the Louisiana Law, and the Sweatt Case upheld the Section of the Virginia Law corresponding to Section 16 of the Uniform Draft. Concluding his Report, Mr. Hubachek said:

"The Law Committee serves without pay and cannot, in the nature of things, serve the individual members as their counsel on their private affairs. We receive about one letter a week from some member who wants advice as to his own personal problems. We have answered these requests to the best of our ability and will continue to do so gladly to the extent of the time we have available for such work, but we cannot undertake to handle matters of this kind except in a general way and then only subordinate to other pressing business. Our files of law, and briefs and collections of authorities are all at the service of the association on matters of general importance to us all, but we would prefer to deal direct with local attorneys rather than through members, because that is the most effective way to handle such work."

W. P. Woll, chairman of the Finance Committee, made a plea for honest return and greater liberality in the matter of dues, and asked the members to support any proposition that might be evolved at this convention to carry out the new program of work for the coming year.

Tate J. Harrison gave the Treasurer's report which was approved by the chairman of the Auditing Committee, T. M. Kaufman. The report was prepared by Billings, Prouty, and Tomkins, certified public accountants of Des Moines, Iowa, and showed a complete list of all receipts and disbursements of the Association's funds during the past year, with a satisfactory balance on hand.

W. P. Woll, chairman of the Finance Committee, made an interesting report for his committee, among other things saying in substance that the future work of the association was dependent solely upon the financial support it receives from the membership as a whole. He said that the new program which had for its goal the making of our association an adequate trade organization, would probably call for twice as much dues from the members as they had paid during the past year, and he asked for the united support of all the members to make their contributions in accordance with the amount of their investments, at the rate that may be fixed by the Board of Directors, December 16, 1929.

L. C. Harbison gave a brief verbal report of the activities during the past year of the Vigilance Committee.

Secretary Kehr reported a total membership of 932, located in 31 states as follows:

Alabama, 6; Arizona, 1; Connecticut, 37; Florida, 7; Georgia, 15; Illinois, 102; Indiana, 102; Iowa, 24; Kentucky, 11; Louisiana, 16; Maine, 8; Maryland, 21; Massachusetts, 38; Michigan, 75; Minnesota, 4; Missouri, 32; Nebraska, 1; New Hampshire, 6; New Jersey, 88; New York, 3; North Carolina, 1; Ohio, 70; Oregon, 1; Pennsylvania, 171; Rhode Island, 14; Tennessee, 11; Texas, 1; Virginia, 16; Washington, 7; West Virginia, 10; Wisconsin, 33.

Of the total membership, 64 were delinquent for six months in the payment of their dues. During the year, 27 resigned, 11 offices were sold, 1 office moved, 11 offices were consolidated with other companies, 9 were taken off for delinquency for over a year, 4 were out of business, and 58 were delinquent for one year, leaving a total of 932 members. According to percentages, the increase over the past year was about 8%.

Receiving special privilege, "Cuppy" Stratton was given the floor and proceeded in true Hoosier style with a fine address which ended up with the presentation to President Badger of a beautiful white gold Hamilton wrist watch, in appreciation of his services for the past year as the chief administrative officer of the organization. President Badger made a brief response in appreciation.

At this time it was voted on regular motion that the reports of the various committees and officers be received and filed.

Luncheon, Wednesday, September 18, 1929

At the conclusion of the Convention Luncheon, Charles H. Watts acted as toastmaster, and introduced Dr. Hugh P. Baker, manager of the Trade Association Department of the United States Chamber of Commerce, who made a stirring speech on "The Value of Trade Associations in American Business." Dr. Baker's address was illuminating for more than one reason, but particularly on account of his knowledge of what trade associations may or may not do helpfully, for their members.

In defining a trade association, Dr. Baker said: "A trade association is an organization of business men in and serving an industry or a trade for mutually helpful service and for better business."

Continuing, he said: "The trade association has come to stay in this country beyond any question. It is going to be an increasingly important factor for making better business and sounder profits in business. Your organization, whatever its history has been, has a great future before it. You are bound to go on and develop effectively because the very character of your business demands it. You know there are some very interesting evidences that the trade association has come to stay. To me one of the most interesting evidences is the changing attitude of the leading bankers in the country toward our organized efforts, towards your organized efforts. We are talking with bankers wherever there is an opportunity, as to trade associations and their place in industry, and I am being told more and more that bankers are determining the credit to be extended business men upon the basis of the ability of a business man to get together with his competitor for the sound upbuilding of the industry as a whole. Bankers are less and less interested in the little fellow or the big fellow who thinks he can do his business off in a corner by himself without affecting his competitor or the industry as a whole. This is a very significant development and one of the best evidences, in my opinion, of the fact that the trade association has come to stay."

Another interesting observation was made by Dr. Baker when he said: "You have been going on for some thirteen years. What have you gotten out of your organization? It would be trite for me to say you have gotten out of it what you have put into it, and I am not going to say it. What have you gotten out of your organization as a trade organization? What has it meant to you

in your individual business? What are American business men getting out of this great trade association movement?"

"If you will stop to think of the things you would like to do through your association, you will appreciate I believe that unless you can develop a reasonable amount of confidence in each other you are not going to get very far with that program; and that is particularly true in industry, in lines of business where competition is very keen."

"After 10 years of experience," said Dr. Baker, "The one biggest thing to be done and I believe it is true with your business, is the development of complete and accurate facts as to every phase of your business. Do you know your business, every phase of it, on a state and national basis? I question it. The one big thing to be done by our trade associations is the development of complete and accurate information as to every phase of your business."

Concluding, Dr. Baker said: "I can see great possibilities in your organization. If you will just pool your energy, your ability, you can make of this organization one of the most constructive features of your business as a whole. You can go on and build a greater business than any of you have any conception of as time goes on and only through organized effort are we going to meet these increasingly complex problems with which we are confronted as business men and women. We are meeting those problems to-day in some of our industries and you can follow effectively and with complete results what some of these other organizations are doing, I am sure."

After voicing the appreciation of all who were privileged to hear Dr. Baker, the toastmaster introduced Secretary of Labor, James J. Davis.

Secretary Davis gave an interesting address, developing his subject from national financial history, even touching on the dark pages of small loan history in this country. Leading up to the present time, he made this significant observation:

"Thanks, however, for the moral education which America is continually adding to its quest for lasting freedom for every one of its citizens, these old time money venders are becoming less and less in number. State after state has enacted the Uniform Small Loan Act, ethically framed with due consideration for both lender and borrower. Usurious rates have all but disapproved and groups of public spirited men of the highest moral standards have opened the way for character loans.

"Indeed, character has become one of the chief bases of credit. Integrity and standing in the community have supplanted goods and chattels for small loans to worthy applicants. After all, this step has been a boon to community life. It has made men and women jealous of the standard by which they are measured in the community. They have sought to exemplify both a character and a reputation which would commend themselves to bankers and others, upon whom at some time they might be dependent for financial coöperation.

"In this way the loaning of money is becoming more and more a dignified business transaction, shorn of embarrassment and void of 'manhandling' methods. What man or woman is there who at some time has not stood in need of financial assistance? An appeal to friends might be embarrassing but an application to a substantial group of organized lenders operating under state law is a perfectly safe and sane recourse."

"Small loans sometimes become the basis for larger ones. Through contact and understanding borrowers thus become known in business circles. Perhaps the amount loaned later becomes the foundation of some worthy business enterprise which brooks good for the whole community. I have known men to borrow for patriotic purposes, to buy liberty bonds for the safeguarding of the state. And it is under such circumstances as these that group organizations, created for loan purposes are of especial importance and worth.

"After all there is not much difference between national credit and personal credit. Indeed the former grows out of the latter. A dormant citizenship, uncoöperative, unassociated ,and unacquainted in business and finance, is not of much groupal worth when other matters arise. And my hope and advice to-day is that the Uniform Small Loan Law will be developed more and more. It is good business for all concerned. It links together business men and individuals for coöperative and useful purposes. It helps to build mutual public confidence between those concerned.

"I am very glad to have had this opportunity of voicing my high regard for the principles and activities of this association and commending its worthy efforts to bring dignified relief to that portion of our population which is frequently in need, and which individuals constitute some of our most useful citizens, productive, honest, sincere, and full of love for God, country and their fellow man.

"I hope there is some way out of all the difficulties—that we will be able to get through your organization, through your association of organizations, and through your business, statistical information that we will be able to go out and increase a greater affection for the men and women who are in this business of loaning money in small amounts to the men and women that toil in America.

"I know what it is to get one of these small loans. I know what it is and understand what it means to borrow on just reputation and so I say to you men that you are engaged in a work which I know must give you a great deal of satisfaction when you know that you have helped to tide some young man or some young woman over to a better day.

"I want to say at this time that I bring you the greetings of the President of the United States, with the hope that you will do what you can my friends to crystallize sentiment, to bring about good legislation for all the people of the United States."

At the conclusion of Secretary Davis' speech, the audience arose and applauded enthusiastically.

Wednesday Afternoon, September 18, 1929

The meeting convened at 2:30. President Badger presided.

Leon Henderson, Director of the Remedial Loans of the Russel Sage Foundation, New York City, was introduced by President Badger and proceeded to address the convention on "The Year's Progress and the Uniform Small L Law," emphasizing what previous spe ers had said with reference to the portance of reliable statistics of phases of our business in order that ture work may be intelligently prosecu

Dr. Franklin W. Ryan, author "Usury and Usury Laws" next addres the convention on the subject, " Fundamental Rightfulness of the Fan Finance Business." Dr. Ryan left doubt in the minds of his hearers of economic justification of the business which we are engaged. Bringing play much of the knowledge he has gai through an intensive study of the sub during the past ten years, he quoted erally from the soundest authorities illustrate his points. After answer successfully, all conceivable argum that might be advanced against the b ness, he concluded his discussion with following statement:

"Any one person cannot do much establish the soundness or rightfulnes this business. Any six persons cannot so very much, but if every member this organization does his part in mas ing the fundamental principles of business in mastering the economics the business and understanding t points, not only these points which I h set forth this afternoon but others al the same line, it won't be very long I sure until we shall have completely es lished the fundamental rightfulness this business, to the satisfaction of interested parties."

At this juncture the secretary rea telegram from W. M. Butterworth, pr dent of the United States Chamber Commerce, in which he sent greeti and best wishes for a successful meet

President Badger then introduced acting executive vice-president, W. Fr Persons, who addressed the conven on "The Wisconsin Campaign."

Mr. Persons referred to the histor small loan legislation in Wisconsin to the preparations that had been m during the year, 1928, to get honest f and to present them to the public, cerning the results of the law enacte 1927. The well-known economist, J R. Commons, of the University of W consin, Fred R. Wilcox, chairman of State Industrial Commission and o distinguished residents of the st formed a committee whose report, ba upon the investigation of Mr. Bla burn commanded public confidence. State Commissioner of Banks in a for report to the Senate gave some enli ening details as to the volume of busin the nature and extent of the finan service rendered, and the profit poss Space does not permit here to recoun detail Mr. Person's excellent portraya the interesting phases of this campa of which much has already been publis in these columns. It was a pleasure have Mr. Person's version of how e obstacle was removed and final vic obtained.

Before adjournment was taken for day, L. K. Osborne called attention the serious illness of Judge Dyer at home in Columbus, Ohio, paid a tri to his connection with the organiza in the early days, and suggested a wire wishing for his speedy recov and a basket of flowers be sent. B reduced to a motion which was secon the secretary was instructed to carry he wishes of the convention.

A Slow Night in Quakertown

WEDNESDAY EVENING

Many turned out to enjoy this unus- entertainment arranged by the chair- n of the Entertainment Committee, Buck, and none were disappointed, we were favored with hign grade nt, who sang and danced to the de- it of all for a couple of hours. At conclusion of the show, many mem- s and guests enjoyed dancing.

HURSDAY MORNING, SEPTEMBER 19, 7 A. M.

urprising as it may seem, a big crowd on deck at 7 a.m. to greet Tate rrison rushing into the dining room ially clothed. Many questioned ther Tate had been in bed at all the it before, but nevertheless, he made ide awake toastmaster and did a good in introducing Mr. Charles H. Watts, favored the early diners with an irational talk on the possibilities of association. Mr. Watts said in part: ly in proportion to the very highest ept that we may have of this as a ness in the field of finance, devoid, se, of sentiment or emotion, will you y on, will you grow and will you per and expand, until you become wn in your community as the banker ot the needy or necessitous borrowers icularly, but to those seeking budget- and financing in connection with their e affairs.

say that until we individually come ne realization that this is a business, based upon sentiment, not based upon welfare background particularly—I not void on that subject at all, but n recognizing as we reach out and need for financing and we step into investment banker's presence, that we it of all, they strip it of those gs that we have heretofore thought vere dependent upon as a background this business. It will no longer ı; you are going to require financing pective of where you are or the type ize of your business at this moment, ou are going on in the business. rwise the business will leave us. se who are steadfast and determined the old way is good enough, and our nt understanding of our relation to e that come to deal as customers, if till conceive that there is no change, usiness itself will not flutter out, it not cease because it is a business ndent upon a fundamental, upon a ciple, that of supplying money to e who have need of it; but hardly cessitious group as a whole.

he man who has this vision, the man keeps the spirit of this business up- st in his mind, cannot fail because lieve that it is as definite, as scien- in its nature as any business is in whole universe of business. There o apology needed for this business; is no need of our having to offer ntimental, emotional explanation of it is here and it needs only to be tifically conducted.

s there a way that this can be done? e is to those who have vision. To e who believe that the business is g, that the business is licked and ated, unto those people defeat will ; but to the man that is awakened alive to the need, of the necessity of ishing five times the service that you urnishing at this particular moment, o him will come the inspiration and the understanding that carry this business on as an industry.

"Therefore, I say in this moment of conclusion, that the spirit of this convention to me has been one, not of pessimism, not one of optimism, but one of a feeling definitely under our feet that we have arrived at a place where we may look out on the future, on the pathway that is out before us, with a very definite feeling of security, that this is a business, without apology, without a recommendation; and it is not to fail; whether we as those engaged in it are likely to fail is not dependent upon the business; it is dependent upon that spirit, that vision, that ability to see those things that are coming our way, and thus be prepared for them.

"That I believe to be the spirit of this convention, and to those who become one with it, you will find progress, expansion. To those who do not, there will be a solidifying, a stopping, and the business will go on around them, leaving them to rust out, rest out, just where they are.

"I love the spirit of this convention because it has the adventure of the tomorrow as a prosperous business in the financial field, and I am not frightened of the word 'banker' as part of our name."

BUSINESS SESSION, THURSDAY MORNING

The business meeting convened at 9:15 a. m. with President Badger presiding.

The first order of business was the reading of a paper, "Handling Foreign Accounts," given by D. H. Rose, one of the supervisors of the Household Finance Corporation. This was a good practical paper, filled with plenty of sound advice with respect to handling foreign accounts, and will be published in full in our Year Book.

Following Mr. Rose's paper, there was a discussion on the advisability of publishing in the NEWS, the list of exchange bureaus in the different cities, to which foreign accounts might be reported as soon as they have moved from their accustomed locality. With that end in view, the secretary will be obliged if the secretaries of each of the lenders exchange bureaus would write him and give him the address at which the local exchange business is transacted so that all members may know in what cities exchanges have been established, so that should they have any foreign accounts in the future in any of those cities they can be properly listed.

Mr. Wick suggested that we recommend to the various Exchange Bureaus that they put through the names of those moving from one city to another, adding that if a man does not pay his debts in one city and moves to another, he is inclined to do the same thing in his new city, that is, get as many loans as he can. The recommendation being put in the form of a motion, it was seconded and approved.

After a very complimentary introduction by President Badger, and applause from the audience, Mr. Earl E. Davidson, Supervisor of Loan Agencies of Massachusetts, read a very interesting paper on: "How State Supervision Protects the Public, the Borrower, the Lender, and Upholds the Law, as Illustrated by Massachusetts Supervision." In the course of his remarks, Mr. Davidson said:

"Development and expansion of the small loan business have also drawn the attention of thinking men of our times, and much has been done to place this business on a higher level. Very rapid strides forward have been made in the last five years. Many causes have contributed to make these the most productive in the history of the country. All of these causes and other new ones appear to be operative now, promising a continuation of this period indefinitely ahead, although, of course, interrupted now and then by necessary corrections and breathing spells."……

"The class of necessitous borrowers has gained confidence in its dealings with the lender from the fact that, at all times the Massachusetts Supervisor endeavors to give painstaking attention to all requests for information and complaints. Every effort is made to correct abuses where they exist. Massachusetts supervision of the business has been more continuing and constant than in almost any other state and certain definite policies have been adopted and rigidly followed, particularly for the protection of its own citizens where Massachusetts capital is involved and Massachusetts men are active.

"The coöperation of the Massachusetts Industrial Lenders Association has been helpful to the supervisor and it is gratifying to have had this organization so active in policing the business and assisting to compel observance of the law, to make it a beneficial public service. It indicates that the lenders find the Massachusetts law fundamentally and economically sound, not only for the best interests of honest lenders, but also for all the citizens of the commonwealth who need to borrow small sums."

Burr Blackburn, Director of the Study of the Social Effect of the Wisconsin Small Loan Law, and recently appointed research director of the Household Finance Corporation, read an interesting paper on "Building Good Will." Mr. Blackburn said in part:

"Permanent good will can only be achieved by business men who see their business as an organic part of the social process of their time. Men, who like Herbert Hoover, can say as he said at St. Louis: 'We need always to interpret our discussions of economic and material proposals by how they effect the peace, the happiness, the security and prosperity of every American home. I stand for a prosperous country because I want good homes. You cannot divide those things that are seen from those that are unseen. The things that we call material are the foundation stones upon which we build the temple of those things we call spiritual. Prosperity, security, happiness and peace rest on sound economic life.'

"For us who have undertaken the task of financing the American family in its emergencies, no permanent public good will can be achieved unless in our mental pictures we put the business first and profits second; unless we can see beyond our immediate profit and personal interest that in the long view our future prosperity and success is tied up with the economic security and prosperity of the families whom we serve.

"We must apply this acid test first of all to those unavoidable contacts which we have with the public through our customers. In the purchase of goods, the customer's first consideration is the price

and quality of the goods. Unless convinced that these are fair and equitable his good will is sought in vain. Now in the matter of price of the goods which we sell we have been subject to the severest criticism. It is my contention that in three respects we have courted this criticism.

"In the first place we have fallen into the use of a nomenclature unsuitable to our business which naturally suggests to the public mind mental pictures of the ancient Shylock who exacts his pound of flesh. We call ourselves money lenders. We dub our customers 'borrowers,' and our language and advertisements are replete with words and expressions that apply in the public mind to the loan shark and his ilk.

"Second, we have based our appeal for legislation on the prejudice and ancient animosity toward the loan shark, rather than justifying our business wholly on the ground that it renders an essential service in the economic system. We have so violently denounced the loan shark as to have revived all the mental pictures of ancient usury. No sooner is the small loan law adopted in a state than the public applies those pictures to ourselves.

"Third, while the uniform law merely fixes the maximum rate below which it was intended that the market price should fluctuate, until recently we have defended the maximum on the ground that it is the only fair and equitable rate; the 'scientfically discovered' boundary that marks off the difference between right and wrong,—without any reference to profits made in the individual business.

"To merit good will we must not only convince our customer that our price is right but we must establish his confidence in the quality of the goods we sell. This quality is not to be found in the cash we pass across the counter for that does not vary, but rather in the services which accompany the cash. These services vary with each office. We are not yet fully aware of the possibilities of extending these services to meet the actual needs of our customers and thus to merit their abiding good will. Companies unable to reduce their prices can always improve their services."……

"Then let me emphasize, we will never gain and hold the permanent good will of our customers unless we apply the best that is in us to improve the price and the quality of the goods we sell. Not by advertisements of self praise, not by magazine articles, not by the endorsements of economists, politicians and civic leaders shall we turn the magic trick. though we expend a million dollars in propaganda and neglect the very soul of our business it will profit us nothing. Let every company turn the microscope of examination upon itself. Let every executive dream dreams of how he can improve his price and his quality of service. I would like to put these words over the desks of every individual who has anything to do with establishing the policies of the family finance companies in America. Let them challenge him when he closes his desk in the evening, 'What have I done to-day to improve our price and our quality of service?'"

……

"When we have bent our eyes to the lode star and projected our plans from the National Association, from chain headquarters, and from independent management toward improving price and service, we will see the rough edges disappearing from our contacts with customers; office employees will be chosen with innate capacity and education to deal intelligently with family finance problems. The goal in relation to each account will be to make certain that money advanced renders the greatest possible service to the family. Advertising and collection methods will adjust themselves to this idea. When we have shifted our mental picture so as to put the business first and profits second we will have learned the secret of making profits and that secret will not be disclosed until we do."

After some words of advice from President Badger relative to Mr. Blackburn's interesting paper, the convention adjourned until 2 o'clock.

THURSDAY AFTERNOON, SEPTEMBER 19, 1929

The meeting convened at 2:15 P. M. with President Badger in the chair.

The first speaker was W. Sam Burnley, Deputy Commissioner in the Bureau of Insurance and Banking of Virginia, who spoke on: "How Can Lenders Better Coöperate With Supervising Officials?" Mr. Burnley said in part:

"It is a pleasure to meet with such a splendid convention of substantial men and women, representing as you do a group of business people who have invested millions of dollars in a financial venture, to lighten the burdens of the necessitous borrowers of amounts not to exceed a three hundred dollar maximum —a business designed to wrest the poor from the covetous hands of the illegal lender and yet afford a reasonably fair return upon the capital invested.

"You are doing a great work—a work the beneficial effect of which cannot be properly appreciated except by those who have made some study, at least of economic conditions as they exist in the principal towns and cities of the civilized world, and more particularly those of Germany, England and America.

"While you are doing a great work, and have accomplished many wonderful things already, there remains much to be done. There are still tasks for you to face and many problems which will present themselves for practical and equitable solution.

"Amongst other things, it is my opinion that the ever recurring question of 'interest rate,' like the poor, you will have with you always.

"This question economists have worked out by theory, apparently to their own satisfaction at least, and it is being tested by practice, however, it is an intricate one and bids fair, for a long time yet, to present its full share of momentous perplexities.

"One of the greatest foes to a fair and reasonably permanent settlement of this question is the self-seeking legislative satelite who never expresses the slightest solicitude for the 'dear people,' except when he is a candidate for reëlection. His slogan is 'down with the small loan law.' 'The small loan lenders are robbers and thieves.' He is generally absolutely lacking in constructive ability. He is a tearer down of things, never a builder up. He is a demagogue of the first water, an iconoclast, a regular bull in a china shop."

Developing his subject, Mr. Burnley said:

"The prospective licensee should, after carefully reading the small loan l systematically inform himself as to w is required of him in the matter of sec ing his license. He should go carefu over the application and bond as ma times as is necessary to give him a th ough understanding of them, for not u he thoroughly understands them will be in a position to fill out and exec them properly and intelligently.

"Of the approximately fifty applica in Virginia at the beginning of the c rent license year, it was necessary our office to return more than twenty the bonds for correction, and in seve instances, the bond had to be retur more than once.

"All of this took time and created c siderable additional work for the sup visor, and could have been obviated there been proper study and understa ing of the papers before they left hands of the applicants.

"Another way in which the lender better coöperate with the supervis official concerns the manner in which handles the loan at its very incept The licensee should fully explain the ture of the transaction to the borrow the amount of the repayment installme on principal, the interest rate, and fact that interest is calculated and lected to date, each time that an inst ment is paid.

"The borrower is often in such a hu to pocket the money that he is too re to sign on the dotted line without go over the papers at all.

"The time consumed in the expla tions which I recommend would be spent and would save many hours annoyance and trouble at some fut state of the transaction.

"I maintain that the transaction sho never be closed, therefore, until the len is convinced that the borrower fully derstands the nature and force of contract.

"If this advice is followed, the b rower will be estopped from claim that the transaction was hurried, tha was not explained to him, and hence he did not understand what he was do when he signed the obligation."

Applause followed Mr. Burnley's teresting paper which was delivered true Virginia oratorical style.

All papers and addresses at the c vention were, as stated at the outset, a very high order and all of them be published in full in the Year Bo but none was delivered with greater fo and appreciation than "The Black Ho of the Family Fireside," by Dwight Hoopingarner, Public Relations Cou of the Beneficial Industrial Loan Cor ration, New York City.

Quotations from Mr. Hoopingarn paper would not do it justice but in or that our members and readers may h something to think about until the t they can read it in full in the *Cr World*, in which it will be published November, and in the Year Book, wh will probably be out in December, quote Mr. Hoopingarner's recommen tion, as follows:

"It is, therefore, my personal rec mendation that this industry as a wh definitely and effectively exercise proper functions:

1. "To secure adequate and reason state supervision over its activities, c parable to that exercised by the sev states over other phases of banking

dit. This state control naturally as-
nes two general forms:
a) Proper permissive laws under
ich the business can operate.
b) Such measure of supervision by
state through regular examination of
individual business units as may be
uired to safeguard its responsible citi-
s engaged in the business and also
tect the general public. This does not
an, however, super regulation or legis-
ve stifling of the business, which can
more be completely regulated solely
state action than can any other bank-
or credit organism.
. "To inaugurate a proper degree of
government by the industry and
ng about such readjustment of the
rnal conduct of the business, through
initiative of the industry itself as is
essary to meet changed conditions
hin the industry. This suggestion im-
s no criticism of the past or present
duct of the industry, but merely rec-
izes its evolutionary phases, just as
basic national banking system of the
ntry has recently been recommended
careful scrutiny by none other than
Comptroller of the Currency for such
nges as may be found necessary
reby.
"A nation-wide economic survey of
business by an impartial and repre-
tative body of the highest standing,
ose findings could not be discounted
governmental, business or social wel-
agencies, should be made and placed
he disposal of the proper law-making
ies for their consideration. For ex-
ple, not only this association, but such
ncies as the Division of Remedial
ns of the Russell Sage Foundation,
ch is so actively interested in the
edial phase of consumer credit, and
r appropriate agencies should be rep-
nted on the personnel of such a na-
al survey committee.
This general mode of procedure, it is
will bring to this phase of industrial
king and to the public it serves that
ch the business is entitled to, namely,
blic opinion moulded by a knowledge
the essential facts which will auto-
ically translate itself into appropriate
on within the legislative halls of the
reign states and into proper practices
in the industry itself for its future
lance.
n so doing, this industry as a major
se of the credit structure of the coun-
will contribute even more largely to
permanent prosperity of the nation."
he audience indicated by hearty ap-
se, its appreciation of Mr. Hoopin-
ier's paper.
he secretary read a list of the cities
ting the association to hold its next
ual convention in those cities, among
ch were included the following:
akland, California; Cincinnati, Ohio;
nphis, Tennessee; St. Louis, Mis-
i; Detroit, Michigan; Briarcliff
nor, N. Y.; Montreal, Quebec;
onto, Canada; Chicago, Illinois;
shington, D. C.; Toledo, Ohio; New
k City; West Baden Springs, In-
a; Boston, Massachusetts; Savannah,
rgia; Galveston, Texas; Mackinac
nd, Michigan; Buffalo, N. Y.; New
eans, Louisiana.
o action was taken at this time on
invitations included in the above list.
refacing his remarks by referring to
activities of his administration, Presi-
Badger led up to the recommen-
dation of the adoption of the redrafted Constitution and By-Laws, which the secretary was requested to read.

Article 1 was adopted as read, with an additional section with reference to changing the name of the organization, which the Board of Directors is empowered to do if at their meeting December 16, a more suitable name than the one now used, can be agreed upon.

Although there was considerable discussion on the rest of the Constitution and By-Laws, they were adopted practically as read. The section relative to dues requires the Board of Directors to determine the rate upon average loan balances to be paid by regular members for the year 1930.

Incidentally, we may state that printed copies of the Constitution and By-Laws adopted at the convention, will be available after the Board of Directors' meeting, December 16.

THURSDAY EVENING, SEPTEMBER 19, 1929

Convention Banquet

President Badger acted as toastmaster, beginning by paying a compliment to each of the individuals who acted as chairman of the various committees that handled the convention, including Messrs. A. V. Hart, H. G. Hopson, W. Young, W. F. Buck, H. P. Gatter, and G. W. Kehr.

The first speaker introduced was Mr. William Thatcher, secretary to Mayor Mackey, of Philadelphia. Mr. Thatcher extended the heartiest kind of a welcome that any city can extend to a convention. Continuing he said:

"We have felt very, very highly honored that a convention of the type of yours, bringing delegates from every section of this fair land, has honored Philadelphia by coming here to hold your fifteenth annual convention. We sincerely hope that the hours that have passed since you landed in Philadelphia have been filled with happiness, pleasure and profit.....

"I bring to you the warmest greetings of friendship from Mayor Mackey, and wish for your officers and the members, individually and collectively, of this great association, a measure of success and happiness during the ensuing year that will be the greatest that has ever crowned the activities of your association."

(Applause.)

The next speaker introduced by President Badger was the Honorable Louis T. McFadden, Chairman of the Committee on Banking and Currency, National House of Representatives, Washington, D. C. After referring to some of the big questions with which Congress is wrestling at this time, he said:

"It is pleasing to me to note here tonight so many of the ladies present, and to note that they have gotten into the class of lenders. My knowledge as a banker has always indicated to me that they were most always borrowers and I congratulate you on the success of the Lenders Association in getting the ladies out of this borrowing class into the lending class.

"These are interesting times in this country. We are going through an economic reconstruction of America and in Washington the administration is engaged, as I have already said, in the preparation of a tariff bill. Now, why are we doing this? We are doing this to protect American labor and American industry against a flood of foreign goods. We want to maintain the present high standards of living in this country. The new administration under the leadership of Herbert Hoover is dealing with the farm problem. He has asked Congress to come into extra session for the purpose of enacting farm legislation, and for the purpose of enacting this tariff legislation that the people of America might continue to prosper, and that we might keep out a flood of foreign goods made by cheap labor.

"Now, these are no mild undertakings because of the fact that since the war we found ourselves in an economic situation which demands very careful and concrete attention. You know, boiled down, the problem that confronts the American people to-day is the problem of maintaining the high standard of living which we have been enjoying for the past few years and keeping that high standard of living going up instead of going down.

"Now, you people as lenders to a class of people in this country, I think have done as much perhaps to assist in raising that high standard of living as any other class of people. You are in an honorable vocation. You have made a place for yourselves in banking in the United States, and all credit is due you for the work which you are doing. You are are a part of the whole economic struc-

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BUY

or

SELL

AN OFFICE?

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We have several very desirable offices for sale at attractive prices. Complete data can be furnished at once.

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ture. You are just as important a part of the whole structure as is some industry like the United States Steel Corporation, the General Motors, or other lines of industry which are employing people because you are making it possible for the people who toil and who haven't capital to gain some of the emoluments which increase and build up the standard of living in this country, which is so important to us all.

"You know that standard of living that we are enjoying here isn't enjoyed anywhere else in the whole world. So I say and I reiterate it, that the great problem before the American people to-day in the peculiar position that we find ourselves, in conflict, economically, with other countries of the world, is to maintain that high standard. Just the moment that you see that standard of living begin to go down, our troubles begin in this country. So it behooves everybody to whistle and keep up their courage and keep this optimism going which will carry us through this economic period of readjustment.

"Coming over on the train to-day I ran across a little item here that I want to leave with you. It is a thought well worth thinking about. It comes as a comment on an article which has been written by Professor Pitkin, of Columbia University, in commenting on the life of the late President Woodrow Wilson, in which he makes the point that President Wilson's life was a sorrowful life; but he says, in the introduction to this book: 'For the first time in the career of mankind happiness is coming within the reach of millions of people. We know to-day that happy living can be attained by at least six or seven people out of every ten simply by the right education, the right organization of personal effort, and the right selection of one's life work and environment. I do not say that any such proportion of people are now living happily; probably not more than one in a thousand is, but I do say without any qualifications whatsoever that in the more highly civilized sections of the United States in this year, 1929, all the external conditions required for happy living are present, waiting to be used by those who can.'

"That could be well translated into a motto for your organization because you, perhaps unconsciously, have had a great part in making this possible. Your loans are made to that class of people who toil, who haven't capital to build up, who haven't the means wherewith to buy many of the things that go to make happiness in the homes.

"Some people criticize—they say, 'Well, you charge a high rate of interest,' but in that connection, right now, it might be well for you to look at the rates of interest that Wall Street is having to pay. You might get some comfort out of that. Before you get through with it, I am not sure but instead of lending to the class of people that you may be lending to now, you may be lending to the brokers. You may find it more profitable to lend to some of the brokers than some of the business that you are now doing.

"I suppose that you have gathered here from all over the United States to discuss how you can better plan your work for the coming year, and for years to come. I have become very much interested in the kind of work that you are doing, because of my work in Washington. In studying the different financial plans for the operation of our different financial institutions in the country, I have had the pleasure and the opportunity of studying your plan of operation, and it seems to me that you do not need any national legislation; you have proven to the states your right to exist, and apparently you are getting the coöperation from the states which you need in the way of laws in the regulation of your business. But I want to say to you that if the time ever comes when you feel that you need national legislation, that the door of our committee room is open to you, and we will gladly receive your suggestions with the hope that they may be enacted into legislation which may extend the great service, nationally, if national legislation is desirable. I want you all to feel that the Chairman of the Committee on Banking, who would have charge of that legislation, is your friend and will receive your suggestions kindly." (Applause.)

Mr. McFadden's impromptu remarks were followed by a prepared discussion on the investment trusts, stating among many other interesting things in detail, that it was one of the major problems of the country. Space does not permit us to publish the address in full at this time.

Those who attended the banquet enjoyed "Con" McCole, the humorous speaker who followed Congressman McFadden, whose subject was "Black Diamonds." Translated, "Black Diamonds" represented a number of interesting stories told in the dialects of the Irish, Italian, Scotch and Welsh in the coal districts of Pennsylvania and were reported to be true stories and real characters. Mr. McCole proved himself to be a great actor, as he had his audience laughing one moment and crying the next, as he spun his humorous and pathetic yarns.

The banquet climaxed the social features of the convention. Excellent entertainment was provided and dancing was enjoyed by many at the conclusion of the regular program of entertainment.

Friday, September 20, 1929

The meeting convened at 10:15 a.m. with President Badger presiding.

An opportunity was given members and others to extend verbal invitations as to the place where our next convention is to be held. Mr. Richards, of Tennessee extended a hearty invitation to hold the next meeting in Memphis. Mr. Watts seconded the recommendation. Some one else suggested New Orleans but the matter was left in the hands of the Executive Committee for final dispensation.

"Al" Snite taking the chair, President Badger reported as chairman of the National Council, that it had agreed unanimously to present in nomination, the following as members of the Board of Directors for the ensuing year under the new Constitution and By-Laws: Messrs. L. C. Harbison, G. J. Badger, G. W. Kehr, T. M. Kaufman, F. B. Hubachek, C. H. Watts, C. G. Mueller, L. K. Osborne, F. L. Thompson, N. Buckner, A. V. Hart, H. Palmer, W. S. Herron, F. H. Lovegrove and Dwight L. Hoopingarner. There being no other nominations, motion was made and duly seconded that the nominations be closed and the secretary be instructed to cast the ballot for the aforementioned persons who were declared elected to the Bo of Directors for the ensuing year.

President Badger resuming the ch called a recess of fifteen minutes in or to give the Board of Directors an opp tunity to elect the officers of the ass ation and the Executive Commit under the new Constitution and Laws. The result of the election was follows: President, Albert P. Sn Chicago; vice-president, T. M. Kaufm Indianapolis; treasurer, Tate J. Ha son, Waterloo, Iowa. Members of Executive Committee: F. L. Thomps C. H. Watts, L. C. Harbison, G. J. B ger, G. W. Kehr. Following these e tions the Executive Committee met elected F. L. Thompson, chairman, G. Kehr, secretary and assistant treasu and W. Frank Persons, executive v president; and the following commi chairmen: F. B. Hubachek, Law; H. Hopson, Membership; W. A. Zum Finance; A. V. Hart, Legislation.

The new president, Albert P. Snite escorted to the chair and made a sh speech in which he expressed his app ciation of the honor conferred upon h He also referred in complimentary te to President Badger's administration said he would try to follow his exam

On motion duly seconded, the le committee which had charge of en taining the convention was given a ris vote of thanks.

Retiring President Badger was gi a rising vote of thanks for his excel administration. "Bill" Young, chairm of the Membership Committee during past year, was also given a rising v of thanks for his achievements.

On motion duly seconded, the conv tion adjourned.

Convention Registration List

Here is a list of the persons v registered:

Connecticut

Bridgeport—David Cæsar, S. Cæ Fred H. Lovegrove, Mrs. F. H. Lo grove, A. M. Murchie.

Hartford—Herbert G. McMullin.

New Haven—M. L. Kander, Wm. Kendrick, Mrs. Wm. C. Kendrick, H. Stephenson, Mrs. H. P. Stephenson, R. Wolfe, Mrs. C. R. Wolfe.

Norwich—Miss L. Ward.

District of Columbia

Washington—Samuel C. Taylor, M Samuel C. Taylor.

Georgia

Atlanta—L. G. Broce, Mrs. L. Broce, R. D. King, Mrs. R. D. King, R. Lanham, Mrs. R. R. Lanham.

Illinois

Danville—F. E. Tyson.

Chicago—N. Albrecht, Z. B. Ap gate, R. U. Baughman, F. J. Biederm Burr Blackburn, C. T. Carlson, Lester Colby, C. R. Fahringer, F. J. Gibb Thomas D. Griffin, D. S. Harbison, E. Henderson, L. C. Harbison, F. Hubachek, Charles S. Kelley, Thomas Kerwin, E. J. LeClare, Orville N. L James D. Lynch, Jr., W. I. Marsh, C R. Napier, Paul O. Nielsen, H. J. P penhagen, D. H. Rose, John H. Sand son, Mrs. John H. Sanderson, James Sanford, J. D. Smith, Fred B. Sn

. P. Snite, Mrs. A. P. Snite, Walter R. aylor, K. C. Vaughman, T. B. Ward, r., Irvin Wesley, Willard E. White, Mr. . L. Wick, Mrs. A. L. Wick, A. H. Villiams, W. C. Woll, W. P. Woll, H. . Zimmerman.
Rock Island—J. L. Katz, Mrs. J. L. atz.

INDIANA

Clinton—W. B. Nichols, Mrs. W. B. ichols.
Indianapolis—Mrs. J. H. Aufderheide, H. Aufderheide, R. C. Aufderheide, . E. Durnell, G. C. Grinsteiner, Mrs. . C. Grinsteiner, Elsie C. Hancock, Paul . Hancock, R. F. Hartz, T. M. Kaufan, William A. McCullough, F. S. eyer, Miss Mary Pavey, C. E. Plumer, Ray Reynolds, M. G. Stokes, W. . Zumpfe, Mrs. W. A. Zumpfe.
Shelbyville—Francis L. Thompson, rs. Francis Thompson.
South Bend—H. H. Burrell, A. V. eeney, Mrs. A. V. Keeney.
Sullivan—C. H. Stratton.
Linton—J. P. Stratton, Mrs. J. P. ratton.
Marion—D. T. Hurry, Mrs. D. T. urry, H. E. Arnett, Mrs. H. E. Arnett, C. Broughman.
Vincennes—F. V. Jarvis, Mrs. F. V. rvis.

IOWA

Des Moines—H. A. Hulling, Ellis I. vitt.
Waterloo—Tate Harrison.

KENTUCKY

Louisville—Dorothy Rutherford, R. M. itherford, Mrs. R. M. Rutherford.

New Orleans—W. C. Evans, James rtier, Leo Heymann, Mrs. Leo Heynn.

MAINE

Bangor—C. J. Bernstein.

MARYLAND

Baltimore—W. H. Bishop, Jr., B. E. onk, Mrs. B. E. Cronk, R. W. Dubois, o. S. Groves, Jacob I. Hamburger, C. Martin, Mrs. C. J. Martin, L. E. Pope, rs. L. E. Pope, A. C. Rice, Jr., Albert Sommerwerck, Fred W. Stroud, Mrs. ed W. Stroud, H. E. Whitelock.
Hagerstown—Raymond Bailey, Mrs. ymond Bailey.
Mt. Rainer—Lee Tucker, Mrs. Lee cker.
Salisbury—C. M. Paynter.

MASSACHUSETTS

Boston—Martin W. Newman.
Brockton—P. L. Maguire.
Brookline—Earle Davidson.
Lowell—D. J. Wholey.
Springfield—E. A. Kitteridge, Mrs. E. Kitteridge, Anson E. Viets, Mrs. Anson Viets.

MICHIGAN

Ann Arbor—Fred E. Benz, E. C. dd.
Battle Creek—E. L. Wolfe.
Pontiac—Norman Buckner, Mrs. Norn Buckner, Benj. Goldstein, Mrs. Benj. ldstein.

MINNESOTA

St. Paul—Sylvan E. Hess.

MISSOURI

Kansas City—H. W. Krasne, H. F. illy, Mrs. H. F. Reilly.
St. Louis—F. C. Hallowell, Mrs. F. C. Hallowell.

NEBRASKA

Omaha—J. H. Wasserberger.

NEW JERSEY

Asbury Park—C. M. Remy, Mrs. C. M. Remy, A. S. Taylor.
Berlin—E. S. Ellis.
Bound Brook,—Joseph Applebaum, Martin S. Kissel.
Bridgeton—M. F. Champion, Frank L. Peacock.
Camden—Mr. Benham, Mrs. Benham, W. T. Betts, Jr., Wm. J. Buckley, R. H. Cobb, Mr. Crosby, Cris A. Edwardson, Ellam J. Elton, J. W. Gray, Edmund T. Jones, Mrs. Edmund T. Jones, D. S. Hunter, J. S. Long, L. E. Miles, Mrs. L. E. Miles, Wm. J. O'Malley, Mr. Plumley, James J. Rutledge, Mrs. James

GILBERT J. BADGER
Retiring President

J. Rutledge, W. S. Saunders, F. E. Savage, C. R. Sheldon, Jas. Taylor, Fred. Tonyes, I. M.Varley, Ida M. Wilkenson, Mary L. Wisham.
East Orange—C. A. Brant.
Elizabeth—Harold M. Darby.
Englewood—Thomas J. Hickey.
Hackensack—Oscar Koslow, Jacob Scherago.
Hasbrouck Heights—S. H. Sprague.
Jersey City—Col. G. J. Badger, Mrs. G. J. Badger, Wesley Benner, Mrs. Wesley Benner, Robert H. Byrne, Franklin R. Clover, M. B. Firehock, Mrs. M. B. Firehock, J. Garry, Frank M. Harned, Mrs. Frank M. Harned, R. F. Lott, A. E. Montgomery, Oscar Nelson, Mrs. Oscar Nelson, J. Orifice, Frank Persons, Ava Quillan, F. G. Reuter, Mrs. F. G. Reuter, E. A. Rudloff, Mrs. E. A. Rudloff, Franklin W. Ryan, Mrs. Franklin W. Ryan, W. J. Thomas, Mrs. W. J. Thomas, Arthur C. Ward.
Montclair—R. B. Jibb, H. A. Mills.
Newark—M. Bischof, Thomas DeRogatis, G. F. Gould, F. E. Swart, Charles W. Ward, A. G. Zimmerman, Mrs. A. G. Zimmerman.
Rutherford—George J. McManus.
Somerville—Herman M. Gottlieb.
Orange—G. E. Stupalsky.
Red Bank—E. F. Westervelt.
Trenton—Vernon L. Buchman, R. H. Hough.
Union City—Wm. R. Dargan.

NEW YORK

Buffalo—S. Weithorn.
New York—Felix Auerbach, Mrs. Auerbach, C. B. Baldwin, J. E. Burnett, Nathan Cohen, J. R. Collins, H. G. DeWeese, Allen K. Dolliver, H. Finck, Mrs. Finck, Leon Henderson, Clarence Hodson, Dwight L. Hoopingarner, Leon J. Ingram, Lawrence Kelder, E. L. Kingcaing, Glenn S. Knapp, P. B. Leverich, Virgil C. Moore, H. V. Morningstern, Rolf Nugent, J. V. Polizi, J. G. Seabourne, Richard Stockton, Jr., M. J. Stevens, R. E. Tucker, C. I. Voorhees, Charles H. Watts.

OHIO

Cleveland—E. H. Keller, Arthur Schaffer, Mrs. Schaffer, Frank J. Schneider, Jr., Frank J. Schneider, Mrs. Frank J. Schneider, Chas. W. Wild.
Columbus—G. J. Dirksen, Frank Hamilton, W. W. Hamilton, Mrs. W. W. Hamilton, Fred P. Hill, Mrs. Fred P. Hill, Paul Huenkemeier, Mrs. Paul Huenkemeier, B. F. Miller, L. W. Newman, L. K. Osborne, C. W. Perryman, Mrs. C. W. Perryman.
Lima—F. E. Barringer.
Mansfield—M. L. Anderson.
Springfield—J. Fred Anderson.
Youngstown—Edna May King.
Warren—W. T. Haas.

OREGON

Portland—Bennett Baldy, Mrs. Bennett Baldy, R. E. Vester.

PENNSYLVANIA

Allentown—James W. Meyer, Mrs. James W. Meyer, M. N. Throne.
Ambridge—C. S. Thomas.
Bethlehem—Allen C. Smith.
Bywood—E. C. Millard, Mrs. E. C. Millard.
Carlisle—A. E. Powell.
Chester—Elsie Beesen, F. Eisenhart.
Coatesville—Clyde E. Good, Mrs. Clyde E. Good.
East Liberty—J. R. Standring, Mrs. J. R. Standring.
Easton—K. R. Heath.
Hanover—G. S. Waldasin.
Harrisburg—Geo. W. Kehr, Mrs. Geo. W. Kehr.
Hazelton—J. Matas, Mrs. J. Matas, Howard B. Noll.
Lancaster—G. C. Fegley, Mrs. G. C. Fegley, Allen S. Haines.
Philadelphia—W. D. Armstrong, E. A. Bailey, Mrs. E. A. Bailey, Lawrence Barrett, John F. Barthmaier, J. W. Batezel, A. D. Bennet, Mrs. A. D. Bennet, E. H. Biel, R. G. Booth, Mrs. R. G. Booth, W. H. Boullt, Robert A. Boyce, Mrs. Robert A. Boyce, John F. Brown, Mrs. John F. Brown, W. F. Buck, Thomas C. Callahan, Richard M. Clancy, Donald L. Clark, Chas E. Copper, Edward P. Copper, John B. Coulson, Geo. W. Crouse, Timothy Crowley, Geo. W. Curry, Mrs. Geo. W. Curry, Arthur R. Dana, Mrs. Arthur R. Dana, Wm. H.

Darragh, Mrs. Wm. H. Darragh, Thos. E. Delaney, Mrs. Thos. E. Delaney, Miss F. M. Detwiler, J. F. Devine, Mrs. J. F. Devine, Miss Anne M. Devlin, Miss Mary V. Dickson, M. L. Dobyns, Mrs. M. L. Dobyns, Catherine Dooner, D. Drinker, Elizabeth Dunlop, Frank J. Egan, Alfred S. Ezekiel, Miss C. H. Fanning, Helen Fine, Helen M. Finnerty, F. J. Fisher, Mrs. Helen M. Fisher, John M. Franco, Miss Regina Gallagher, Harry P. Gatter, C. M. Gehnerd, D. L. Gill, Harold J. Graebe, Mrs. Harold J. Graebe, J. W. Graham, C. D. Grimley, Margaret Grover, Mary Haggerty, John H. Hambright, Jr., Albert T. Hanby, Mrs. Albert T. Hanby, Wm. P. Hansche, Mrs. W. P. Hansche, L. C. Harbison, Jr., J. H. Harper, A. V. Hart, H. L. Hart, Mrs. H. L. Hart, Frank A. Haughey, Mrs. C. E. Hayes, W. S. Herron, Mrs. W. S. Herron, P. C. Hess, Mrs. P. C. Hess, Anne Higgins, Agnes Holst, Harry A. Holworth, H. G. Hopson, Mrs. H. G. Hopson, A. M. Hunter, Wallace F. Jenkins, Mrs. Wallace F. Jenkins, Charles I. Jones, W. Warner Kammerer, L. H. Keeler, Mrs. L. H. Keeler, G. Frederick Keller, Willard Kleintop, J. E. Klock, Mrs. J. E. Klock, Miss C. M. Knecht, Warren F. Kolb, Charles K. Landis, Mrs. Charles K. Landis, H. H. Larsen, Mrs. H. H. Larsen, Paul L. Lee, Mrs. Paul L. Lee, Walter T. Lee, J. C. Lewis, Harry E. Lightcap, Mrs. Harry E. Lightcap, Miss Marion Livingston, Mary J. Lloyd, H. Bruce Maixel, Ralph Maloney, Mrs. Ralph Maloney, Frank B. Marriott, George R. McAllister, Mrs. George R. McAllister, Ellen McBride, Thomas E. McDermott, Mrs. Margaret McDevitt, Edward J. McNamara, Mrs. Edward J. McNamara, Melvin C. Meeser, Mrs. Melvin C. Meeser, M. Mentz, J. L. Mentz, Mary Mercer, E. F. Moore, Mrs. E. F. Moore, H. C. Moore, Mrs. H. C. Moore, Harry A. Morgan, Mrs. Harry A. Morgan, J. P. Morris, Reuel L. Morrow, V. D. Moss, Dr. Chas G. Mueller, Ruth Newman, N. L. Noteman, Floyd B. Oelschlager, Nellie Oelschlager, John E. Owens, Mrs. John E. Owens, L. M. Pape, Charles A. Parvis, Lester K. Paxton, Mrs. Lester K. Paxton, Lester Pflieger, Frederick S. Potterton, J. B. Rafferty, R. P. Reichner, Mrs. R. P. Reichner, A. E. Risley, Mrs. A. E. Risley, Esther Rittinger, Miss D. K. Rius, Chas. S. Rivers, Mrs. Chas. S. Rivers, Julia Roberts, Harry W. Rudolph, Irving Rudolph, Mary B. Rudolph, Chas A. Satkowski, P. R. Schaffner, Mrs. P. R. Schaffner, W. Roy Scheidhauer, John H. Schmitt, J. A. Shilling, H. V. Scott, Mrs. R. W. Shade, H. Shuster, David L. Simpson, S. E. Snapp, Henry T. Spangler, John Staap, A. W. Stannard, Mrs. Stannard, E. P. Stapleton, Mrs. Stapleton, Harry H. Steen, Edwin M. Steinle, J. O. Stiteler, Mrs. Stiteler, Mr. Surginer, Jules Vollweiler, Frank G. Wagner, Richard A. Wagner, Mrs. Wagner, D. Walker, Mrs. Walker, Harriet R. Wallace, Taylor O. Wardin, Mrs. Wardin, Webb, Mrs. Harriet M. Webb, H. E. Weifenbach, George E. Weiler, John H. Wickstrom, Mrs. Wickstrom, C. G. Wiegand, Mrs. Norris A. Wildman, Norris A. Wildman, John D. Williams, Franklin T. Willing, J. W. Wood, W. S. Wright, Ethel Young, William Young, Mrs. Wm. Young, Lewis Zolkov.

Pittsburgh—M. Hartman, G. N. Lippert, Mrs. Lippert, C. F. Northart.

Pottstown—John T. Carpenter, C. F. Kiefer.
Reading—H. G. Zwally.
Shamokin—J. F. Patrouch.
Sharon—J. G. Sipotz.
Swathmore—Louis N. Robinson.
Tamaqua—T. C. Snyder.
Wilkes-Barre—N. E. Goldman.
Williamsport—Geo. H. Myers.

RHODE ISLAND

Pawtucket—Geo. E. Rich.
Providence—G. W. Delaney, H. G. Neal, Mrs. H. G. Neal, C. C. Rock, W. G. Wood.

TENNESSEE

Knoxville—W. P. Richards.
Memphis—Mrs. Hugh S. Hayley.

VIRGINIA

Norfolk—D. L. Kinter.
Richmond—W. Sam Burnley, Mrs. W. S. Burnley, W. H. Cardwell, L. C. Sealey, Mrs. Geo. H. Smithdeal, Mrs. Grace H. Smithdeal, W. T. Smithdeal, Mrs. W. T. Smithdeal.
Roanoke—J. Judsen Price.

WASHINGTON

Spokane—Walter E. Hogan.

WEST VIRGINIA

Fairmount—Glenn F. Barnes.
Parkersburgh—C. T. Hiteshew, Hugh A. Knox.
Wheeling—H. L. White.

WISCONSIN

Racine—N. R. Nelson.

P. I. L. A. Wins Attendance Trophy

The cup awarded to the State Association having the largest percentage of its members in good standing in the A. I. L. A. present at the last National Convention, was awarded this year to the Pennsylvania Industrial Lenders Association which had 64% of its members present. Of course there were representatives who registered from other states who might have registered as representing their Pennsylvania offices and that would have increased Pennsylvania's representation to about 90%. On actual representation other state associations are credited with the following percentage of their members in good standing in attendance.

Pennsylvania, 64%; New Jersey, 37%; West Virginia, 30%; Rhode Island, 28%; Maryland, 28%; Virginia, 25%; Illinois, 23%; Connecticut, 18%; Ohio, 15%; Washington, 14%; Indiana, 13%; Georgia, 13%; Michigan, 12%; Maine, 12%; Tennessee, 9%; Iowa, 8%; Louisiana, 6%; Missouri, 6%; Massachusetts, 5%; Wisconsin, 3%.

Some of the states, particularly Nebraska, Oregon, New York, which do not have state associations, but in which their membership in the A. I. L. A. is limited, showed a greater percentage of attendance than did Pennsylvania, but because of lack of state associations were ineligible to receive the trophy.

As has been noted in the past few conventions there were few managers of the chain organizations present, and that materially affected the attendance records.

Fred. S. Myer of Indianapolis W Golf Championship

BRIDE WINS BOOBY PRIZE

The Golf Tournament, which was h at Valley Forge on Friday afterno September 20, as a grand finale to Fifteenth Annual Convention, was a success. The first foresome teed off about two o'clock and returned to nineteenth hole at about five-thirty. Th registered in the tournament and the were twenty-nine men and one wo foresome staggered, weak-kneed, into club house at about seven o'clock.

The original intention was to base championship on low net score but si some of the players started off bef the committee arrived at the club ho it was impossible to get their handic beforehand and it certainly didn't w out when we tried to get their handic after they had played. Handicaps t were set in a conversation at twe took an astonishing leap to thirty w the score was turned in. The darn th got so mixed up that handicaps were c carded entirely and the trophy awarded on the basis of low gross sc which, after all, was the fairest w There was certainly a great hullaba in the caddy master's room while scores were being marked up. After t were all properly recorded it was fo that Fred S. Myer, of the Lincoln L Company, Indianapolis, Indiana, was 1929 A. I. L. A. Golf Champion, wit splendid score of 77—his closest co petitor was 89. The only real disappo ment of the championship was that winner had played early and had early. He was not on deck to rece the trophy from the hands of good Alex. H. Findlay, the Father of Am can Golf. Nevertheless, Mr. Findlay something complimentary to say ab Myer's 77.

The booby prize was won by a brid the only woman contestant, Mrs. Irv Stroup, of Grand Rapids. We don't m that the bridegroom was the booby p she won, we mean that she came in w the high score and walked off with very attractive little pocket score kee Mrs. Stroup's score was 135. The lu number prize was won by Joseph Morris, Logan Investment Society, C nial Building, Philadelphia, Pa. Morris was a runner up for the trop his usual game being in the low 70. is a "hole-in-one" boy at North H Country Club, near Philadelphia. threatens to annex next year's cup.

Incidentally, at the golf tournam there were three fellows who sta something which they are not going finish until the day they die. Al H you know he is the silver-haired chair of the Convention Committee, Joe Dev Walter Herron, all of Philadelphia, their first golf ball under the ex guidance of Alex. Findlay. Of cou none of the three were much interes in golf until they hit the ball. Al H did a "Hula-Hula" dance right on tenth tee, Joe Devine lost control himself and swore like a trouper, he that tickled to see the ball sail down fairway. Walter Herron didn't say m but he certainly did grin from ear ear when he kissed that pill. As q as a cat could wink it's eye these fell just looked around for a caddy and s the next hour or so taking a few inst tions. Al Hart dislocated his shoul

at least something happened to it, and was sure he would have to retire for moment but he just couldn't bear to those other fellows having such a d time so he overcame his injury and ck it out to the very last. We are ling to bet that we will have three v contestants for next year's tourna- nt.

mphis Wins the Next Convention

After two years of persistent effort on part of the Memphis Convention reau, and in the absence of any petition this year, the convention rec- mended that the next National Con- tion be held in Memphis, Tennessee, by later action of the Executive nmittee the recommendation has been pted. Therefore the 1930 Convention l be held September 24-25-26, at mphis, Tennessee, and headquarters l be established in the Peabody Hotel.

Who Held the Lucky Numbers?

During one of the sessions of the Na- ial Convention, numbers 39 and 419 e called out as the lucky numbers t won prizes during that particular sion, but as no one responded at the e, the secretary brought the prizes ne and has them in his possession, but be pleased to send them to the per- s who held these numbers if they will d in their tickets or some evidence t they held these numbers.

Address George W. Kehr, Box 778, rrisburg, Pa.

CONVENTION COMMENTS

Journal Square Bank Building,
Jersey City, N. J.
September 26, 1929.

AR MR. KEHR:

n the bustle of the closing hours of convention, it is my opinion that I not properly acknowledge the work e by the Philadelphia members of the ivention Committees, and I feel that we it as the retiring president to say them, through the columns of the ws, that I have attended many con- tions but never before have I attended convention where there were better akers or a better class of entertain- nt, and I wish to express to them licly the same thought that I did to ne of them privately, that they have blished a mark for all future con- tions of the A. I. L. A. to shoot at.

Yours very truly,
G. J. BADGER, *President,*
N. C. C. A. Organization.

Here's What Joe Wasserburger Thinks About the Convention

It was some convention! The most resting and lively that I have ever nded. It was some feed, and enter- nment, and the Philadelphia boys can given much credit for that part of it. However, I have something sticking my 'craw' that I want the world to w about and would like to have you lish it in the NEWS and following vention notes. I am sending it on a arate sheet of paper."

ays Joe:

Just before the convention, some of boys were down at Ocean City play- and having a good time in addition to working hard at playing golf and losing their money.

"Mr. Williams (you all know him) was sunning himself on the beach when two little darlings with open window bathing suits came dancing up to him, pushing the sand between his toes and they asked him 'How old are you granddaddy?' He said 'Eighty-five, damn it.' One of the girls Margaret Freeman, spied a big walrus in the water spouting around like a whale and immediately started after him. She asked him 'Can you float?' He said, 'Never mind, *Babee,* I am here to have a good time and don't want you to talk shop to me.' She said 'What is your name'; and he said 'Harrison Tate.'

"So now the secret is out as to why the petite little lady who was so efficient as mistress of ceremonies after the banquet, called our honorable treasurer, 'Harrison Tate.'

"Doc" Mueller and "Bill" Young Entertain the "Has-Beens" During the Convention

Through the courtesy of "Doc" Mueller and "Bill" Young, members of the "Has Been" club were entertained at luncheon at the Penn-Athletic Club, Philadelphia, Thursday, September 19. The following past national chairmen or presidents, given in the order of their administrations were in attendance:

George W. Kehr, Dr. Chas. G. Mueller, Claude J. Stratton, W. George Wood, John H. Aufderheide, Robert M. Rutherford, William Young, Francis J. Thompson, Gilbert J. Badger. Only two members were absent, namely—Joseph H. Dyer and Edgar P. East, the former of whom was unable to be present on account of serious illness, and the latter due to other pressing business.

After initiating the latest member into the organization, G. J. Badger, a fine luncheon was served. During the meal many interesting reminiscences of earlier association days were related by those present. "Doc" and "Bill" proved themselves splendid hosts.

LOUISIANA

The fourth quarterly meeting of the Louisiana Industrial Lenders Association was called to order by President Heymann, at 10:30 a.m., July 20, 1929, at the Roosevelt Hotel, New Orleans, Louisiana. The roll call was answered by the representatives of the following members:

American Industrial Credit Company, Lafayette, La.; American Industrial Credit Company, Lake Charles, La.; American Industrial Credit Company, Algiers, La.; American Industrial Credit Company, Baronne St. Office; American Industrial Credit Company, Audubon Bldg.; American Loan Company, Frenchman St. Office; American Loan Company, Pere Marguette Bldg.; American Finance Corporation, Shreveport, La.; General Finance Company, Shreveport, La; Beneficial Loan Society, New Orleans, La.; Personal Finance Company, New Orleans, La.; Personal Finance Company, Baton Rogue, La.; Personal Finance Company, Shreveport, La.; Personal Finance Company, Monroe, La.; Personal Finance Company, Alexandria,

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229 W. Illinois St., Chicago

Organized for the Sole Purpose of Serving Industrial Loan Offices. Send for Our Portfolio of Forms and Advertising.

La.; American Loan Company, Shreveport, La.; Home Finance Service, New Orleans, La.; Family Loan Company, New Orleans, La.; Legal Rate Loan Company, New Orleans, La.; Fulton Loan Service, New Orleans, La.

Representatives of the following licensees were present as guests:

Mutual Loan Company, New Orleans, La.; National Small Loan Company, New Orleans, La.; Personal Finance Company, Pensacola, Fla.; Guarantee Finance Company, Alexandria, La.; Industrial Loan Company, Monroe, La.; Credit Finance Company, New Orleans, La.; Federal Mortgage and Finance Company, New Orleans, La.

The secretary reported correspondence with Mr. Kehr, the National Secretary, most of which was about the coming National Convention. He also was in receipt of a check and application for membership from the General Fiannce Company, of Shreveport, La., and the American Finance Corporation, of Shreveport, La. The Report of the Secretary was accepted on motion of Mr. Osbourne, seconded by Mr. Kraft.

The treasurer, Mr. D'Aquin, reported a balance on hand of $194.90, with all expenses paid and dues expected to be received for the second half of the fiscal year, from the nine Beneficial offices. The Report of the Treasurer was accepted on the motion of Mr. Granthier, seconded by Mr. Yule.

William A. Porteous, Jr., the attorney for a number of loan offices operating in New Orleans, gave a report of the accomplishments of the Vigilance Committee. Arrangements have been made with the clerk of the Supreme Court to immediately report to him all evidences and rumors of suits to be filed, that might attack the Constitutionality of Louisiana's Small Loan Law. He asks that all members of the association take it upon themselves to notify him of any suits filed in their locality that were being defended or prosecuted by any high paid attorney, because it was an evidence that the Small Loan attitude statute was being attacked.

He presented the association with a charter that he had been instructed to draw up at the previous meeting, stating that it had been duly published and filed with the Secretary of State, and that the Louisiana Industrial Lenders Association was a full fledged corporation. The report of Mr. Porteous, was accepted with many favorable comments, on a motion introduced by Mr. Harvey and seconded by Mr. Love.

At that time several questions that had not been settled in the minds of some of the members were answered by Mr. Porteous. The chief among these was the landlord's priorling on security. He stated that if the furniture was located in the house at the time the loan was made the landlord had first claim to the security, whether the mortgage was recorded or not. However, if the mortgage was made and recorded before the mortgagor moved his goods into the premises of the landlord, the mortgagee's lien preceeded the claim of the landlord. Mr. Porteous, also stated that it was true that the insurance policy of most Fire Underwriters stated that if the furniture was mortgaged any time during the duration of their policy, that in the event of the destruction of the insured's goods, the policy might be declared inoperative. However, as long as the insurance company was in ignorance of the fact that a mortgage existed, it was very seldom that they sought to evade the payment of a claim by searching for chattel mortgages.

Some companies were known to attach a rider to their policies upon notification by the insured that he was mortgaging his furniture and for a small extra premium they would insure the goods regardless of the mortgage. It was moved by Mr. Boyer, seconded by Mr. Underwood, that Mr. Porteous be given a vote of thanks for the work he had done, and the excellent and pleasing way in which he graciously answered all questions which were propounded to him.

The order of business proceeded to the election of a new secretary to fill the unexpired term of Mr. Kennedy, resigned. The acting secretary, Mr. Smith, was unanimously elected to the post on a motion by Mr. Osbourne, seconded by Mr. Boyer.

President Heymann, then gave a brief description of the importance of the coming National Convention, stressing its educational, business and social features that were offered. He stated that he would like to have as many of the members attend as possible.

It was moved by Mr. Taylor, seconded by Mr. D'Aquin, that the chair appoint a committee of three to place in nomination and to make recommendations after a thorough discussion, about the convention in regards to the personnel and the number of delegates to be sent to the National Convention.

The committee, appointed by the chair, consisted of Mr. Osbourne, Mr. Underwood and Mr. Taylor.

Mr. Trippett and Mr. Meadows, of the General Finance Company of Shreveport, who, were newcomers to our quarterly meetings, expressed their pleasure at being here and gave us some of their sound and well based opinions about the future of the Small Loan business in Louisiana.

Mr. Trippett complimented the Personal Finance Companies and their associate companies for the courtesy they extended to competitors and the strictly ethical methods they adhered to in conducting their business.

The committee appointed to make recommendation about the National Convention, submitted their report through Mr. Underwood, who stated that the object of sending a delegate to the National Convention was to place the Louisiana Association in a favorable standing, nationally, and also to give our state association the best benefits that could be gleaned by the delegates and to place the association in a better position to combat the attempt that may be made at the next session of the legislature to attack the Small Loan statute.

The recommendation therefore of the committee was that the association send Mr. Porteous, to the convention as a delegate with $200.00 advanced as paid expenses and that Mr. Heymann, the president be solicited to go with the understanding that his expenses were later to be reimbursed by the association, when funds were available.

The convention men divided into two camps. One for supporting Mr. Porteous, and the other advocating Mr. Heymann's appointment. The main objection to the recommendation of the committee was that it violated the By-Laws of the association and that the association was contracting debts in excess of fu available and also the fact that Mr. P teous was not strictly a member of association and his attendance could o be construed in the capacity of a techni observer.

After much heated discussion pro con, it was decided on roll call by secretary and on motion made by Babcock, seconded by Mr. Osbourne, t Mr. Heymann be sent to the convent as a delegate from the Louisiana As ciation, with the expenses paid to extent of $200.00. The motion was pas by a vote of ten to six.

On a motion of Mr. Taylor, secon by Mr. Underwood, it was moved t the next meeting be held in New Orlea some time in October, the date to be by the Executive Committee and members properly notified in advar Motion carried. The session was journed till one o'clock.

Luncheon

At one o'clock the members and gue were privileged to partake of an exc lently prepared luncheon in the G Room of the Roosevelt Hotel.

The committee for the convention l certainly outdone themselves in secur an excellent menu.

Mr. Porteous acted as toastmaster a called on prominent members of the St Association for some after din speeches.

M. F. Snyder, supervisor of the Be ficial Operating Bureau, New Orle Department, used as the keynote of talk "The Necessity of Supporting Louisiana Small Loan Statute." He licited a close coöperation of all memb by seeing that all unlicensed lenders w eradicated or forced to conform to State Small Loan Law. He stated t the Banking Department, headed by M Brock, had already signified their go intentions and had solicited our aid policing the business.

It was up to us, the lenders, to that they received reports of all violatio of the statute and it was up to us, business men, to see that we stayed business, by protecting and adhering Act No. 7 of the Special Session of State Legislature, known as the Loui ana Small Loan Law.

Mr. Underwood, of Shreveport a Mr. Maddox, of New Orleans, express their pleasure at being in attendance a being privileged to associate with group and assured everyone of their lief in the Small Loan Law as a reme to the extortionate charges for small lo service.

Mr. Taylor, supervisor of the Fi Industrial Bankers of Baltimore, broug home the point that coöperation amo the lenders was necessary. We must work to be building and establish definite standards for operation. We m establish a code of ethics and follow religiously in order to keep within ope tion the small loan law.

Mr. Jarreau and Mr. Dorn voiced t opinion that we must extend our fields operation in order to get new busin and that we must lend more on charac and income than on security.

Mr. Boyer could give no better adv than that we cherish a deep regard each other and that we be friendly co petitors.

Mr. Porteous then introduced

eaker, James J. A. Fortier, known ong New Orleans business men as mmy Fortier. Past President of the ard of Education, chairman of the embers Council of the Chamber of mmerce and a prominent New Orleans nance man.

The secretary wants to take this op-rtunity of stating that it is impossible him to place into these minutes any y near the thoughts, the spirit or the esightedness of the speaker. He will empt to give only the facts and those o were in attendance will know and preciate that it is difficult to tell of knowledge and education gained from thoughts of the speaker. The com-ttee was indeed fortunate in obtaining . Fortier.

ACTS FROM MR. FORTIER'S ADDRESS

The American ideals prevalent through American business which must be ought into the small loan field, were ganization and coöperation.

The executives back of the management finance companies could be told no ter secret than to know the average n, the plain American citizen. Coör-ation of effort and organization of mpetitors would further the small loan siness by the education of the bankers the nation to the soundness and neces-y for the small loan business.

The General Motors Acceptance Com-ny and Henry Ford with his Universal nance Company have shown to the nking geniuses of the country the ecticability and necessity for consumer dit. Only through these two large nce organizations, had General Motors l the Ford Motor Company grown to such powers in the industrial world.

A man named Einstein, advised the ory of relativity. Let us apply it to interest rate, 3½% a month or 42% ear, is as low as 6% on bonds rela-ely speaking. A bond house to make ney and show a substantial profit must ss 100% on their capital. An auto-bile finance company must earn 100% ss on their investment. Yet 3½% panies through reinvestment of earn-s could only gross 50% and with notes iscounted through banking channels ld only gross 63%. In order to place small loan business on an equal foot-with other financial institutions, it necessary to educate the bankers of the ntry with the fact that we lend money meritorious security, namely, the char-er and personal property of the plain erican citizen. We must show them t our security is as good as the home er who takes ten years to pay for home, or as the bonding house offers its security.

Bonding houses and building loan ld rediscount their loans through ks and refinance their papers to such extent that they could gross 100%. nding houses could obtain a line of dit equal to five times their invested ital., This way their dollar invested ame $5.00 and their gross profit was %.

After the Morris Plan had lent five lion of dollars to the plain American zen with comparatively no losses, the at National City Bank, of New York, le the discovery that they too, could the same and had missed just that ch additional business. As a result plain people of America are now get-ting access to the credit reservoirs of the nation.

Ninety (90%) per cent of the people of America are wage earners. By the education of the bankers of the country to the worthiness of these people we could do a social service, in that we would raise the standard of American living by placing in the hands of these people the power to have things that were now classed as luxuries, and in rendering this social service we could make good returns for our investors.

We must make bankers release to us the industrial bankers credit necessary to suffice these credit consumers. Our field is unlimited—it is not necessary for us to think hard to devise ways of getting new business.

The time was coming when all merchants accounts receivable must be financed and we who are fostering the business in its infancy must see that the banking facilities of the nation are thrown open to serve the credit needs of the American people.

The luncheon session was adjourned and the afternoon meeting was given over to our regular feature of "Opening Question Box." Many of the questions con-

..."a good time was had by all"

—*and now for a bigger and better business this Fall and Winter*

JUST back from Philadelphia. It was a great convention, in every sense of the word. Everyone had a good time and was well repaid for the time spent.

And now it's time to "dig in" for the Fall and Winter season—time to cash in on the ideas and the pep you absorbed at Philadelphia.

Everyone who saw my advertising layout at the convention agreed it was good. Many said it with orders. Many others asked me to send them samples and full particulars so they could go into it when they got home.

To those whom I didn't get to see, as well as to those who didn't get to Philadelphia, I shall be glad to send samples and proofs of my complete newspaper and circular campaigns—an advertising service that is producing big returns at low cost for scores of lenders—large and small.

A complete year's newspaper service—64 attractive and compelling ads covering every reasonable and seasonable suggestion for borrowing—for only $30.00. Also dozens of new ideas in business-producing circulars, mailing folders,—at money-saving prices. Complete advertising agency service for the price of printing only.

Drop me a line—or wire or phone me at my expense.

BILL McCULLOUGH

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McCullough Business-Building Circulars, Mailing Pieces, etc.

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Write or wire for samples and prices.

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cerned operating problems, were answered by discussion in open forum. One of the most prominent was the compounding of interest. The Banking Department held that as long as the company did not make a loan to a customer to pay accrued interest, interest was not compounded.

The subject of bankruptcy was thoroughly thrashed over and the point was brought out that the best way to prevent bankruptcy or to oppose it was to obtain a financial statement of the borrower at the time the loan was made.

Negro business was discussed and several managers voiced the opinion that much good business was obtained from colored sources.

Many good laughs were obtained from the question whether women or men made the best credit risks and whether women or men made the best managers or whether women employees in a loan office hindered men employees in their work.

Mr. Harvey moved that the convention session be closed and with a second by Mr. Snyder, the convention was adjourned and all left with a deep appreciation of the excellent address given by Mr. Fortier.

FRANK B. SMITH, *Secretary.*

TENNESSEE

The regular quarterly meeting of the Tennessee Industrial Lenders Association was called to order at 10:30 a. m. Thursday, September 5, 1929, in Memphis, by Chairman W. B. Richards. The following members responded to roll call:

American Loan Co., Memphis, Tenn., represented by E. J. Franck, manager; Hermitage Finance Co., Memphis, Tenn., represented by Doc. O'Quinn, manager; Lincoln Loan Co., Memphis, Tenn., represented by Mr. Bedwell, manager; Personal Finance Co., Chattanooga, Tenn., represented by Mr. Hostetler, manager; Personal Finance Co., Knoxville, Tenn., represented by C. R. Gage, manager; Richards Loan Co., Knoxville, Tenn., represented by W. B. Richards, loan manager; Personal Finance Co., Nashville, Tenn., represented by Mr. Durham, manager.

We were honored by having representatives of three other State Lenders present whom we feel confident will be full-fledged members by our next meeting:

Paul Appleby, representing the Memphis Security Co., Memphis, Tenn.; Mr. Walsh, representing the Peoples Loan Co., Memphis, Tenn.; Mr. Standiferd, representing the Southern Security Co., Memphis, Tenn.

Also C. G. Liggett and Virgil Moore, of the Beneficial Operating Bureau, of New York City, N. Y.

The minutes of our last meeting, which was held in Chattanooga, Tenn., on June 6th, were read by acting secretary, Gage. On motion of Mr. Liggett and seconded by Mr. Durnham they were accepted as read.

REPORT OF OFFICERS

Mr. Liggett reported for the Executive Committee that our association was showing progress and that we hoped to soon be 100% strong.

TREASURER'S REPORT

Through the absence of Treasurer Mansford, it was impossible to give this report. It was motioned and carried that this report shall be read at our next meeting and spread upon the minutes.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

William H. Spencer, Dean, School of Commerce, University of Chicago, says:

"Mr. Ryan's book is a scholarly discussion of economic and legal aspects of usury and ought to aid in its solution."

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

VIGILENCE COMMITTEE

Through the resignation of Mrs. Mosby as chairman, Mr. Hostetler was appointed chairman. On motion of Mr. O'Quinn seconded by Mr. Liggett.

MEMBERSHIP COMMITTEE

Mr. Franck, chairman, reported that he was lining up several prospects and expected to increase our membership considerably before our December meeting.

On motion of Mr. Liggett, seconded by Mr. Durnham that we adjourn for luncheon. Motion carried.

LUNCHEON

Everybody expressed their appreciation and gave Mr. Franck a rising vote of thanks for the wonderful luncheon and entertainment program he had provided. It would be impossible to tell which was enjoyed most.

We had the honor of being addressed by several prominent speakers of the city. Each one assuring us that the city of Memphis appreciated having us with them and that we were beginning to be looked upon as a public necessity as the banks were beginning to quit the small note business and the public was beginning to look upon our business for their financial assistance.

Caused by an unavoidable business meeting, it was impossible for Mayor Overton to be with us but we had the pleasure of listening to a very interesting talk by Mr. Chandler, who is the city attorney and Mr. Overton's right bower. He assured us that the Mayor was with us and expressed his regret at not being able to attend our luncheon.

We had a very interesting talk by Virgil Moore, who was representing Mr. Watts, president of the Beneficial Operating Bureau. Mr. Moore was until recently, chairman of the Legislative Committee of the American Industrial Lenders Association. He reported that our state meetings were beginning to have considerable publicity and that we were gaining recognition with our state representatives. He also stressed the point that we must increase our membership so that our association would be stronger.

AFTERNOON SESSION

The afternoon session was given over mostly to general discussions. Mostly as to obtaining new members and the probability of holding our meetings semi-annually instead of quarterly, making of these meetings a real affair, consist of an all-day session with a dance banquet for the evening. This plan very highly recommended by C. G. L gett and it is his belief that it necessary that we have some kind of tertainment so that the different out-town members will make a special eff to attend the meetings. He is very m interested in increasing our members and was kind enough to offer Chairm Richards the services of his assistant, Bookman, to make a special trip to c tact the different lenders of East T nessee so that by the time we hold next meeting we will have the pleas of their names being on our roll call.

Upon the motion of Mr. O'Quinn, s onded by Mr. Liggett, it was carried t the meeting adjourned to convene ag in Knoxville, on Thursday, December This meeting will be held in the r Andrew Johnson Hotel and Bill Richa was appointed chairman of the Enterta ment Committee to see that every present has a good time.

C. R. GAGE, *Acting Secretary*

MARRIED MEN BORROW

Chief Patrons of Companies Tha Loaned $275,000,000 in $300 Bits

Unmarried men do not borrow mo from loan companies. Married men u ally borrow a month's salary. He of finance companies with $275,000,(loaned in sums of $300 and less met cently in Philadelphia, remarked up these facts.

Leslie C. Harbison, head of one c poration, says "Analyze the nation's sm loans, and you will find that these su nearly always go directly back into tra In other words, the small loan compan carry a burden that the grocer, butch druggist and other small shopmen wo otherwise be forced to carry."

PROTECTED LOAN INSURANC NEW SPECIALTY LINE

Borrower Can Protect His Dependents From Paying Loan When Due

NEW YORK, Oct. 13.—Protected l insurance, one of the so-called "speciali lines of insurance which has develop hand-in-hand with the nation's industr banking industry, is entering a rec year, according to Henry H. Kohn, pre dent of the Morris Plan Insurance S ciety, and has had a growth commensur with all lines of American life insuran

Commenting on the advance of p tected loan insurance which has been broadened in scope as to legalize the suance of group insurance to financ institutions against the death of b rowers, Mr. Kohn stated to-day that Morris organization during 1929 is pected to reach its highwater mark new business, with 155,000 policies issu totaling about $40,000,000.

"Because of the valid and useful p poses which protected loan insurance furnished, the recognition of this type protection has become so general as invite a host of companies to enter t field." Mr. Kohn said. "Likewise, pervising officials of insurance depa ments, notably that of New York St recognizing this valid need, have indu the Legislature to legalize the broaden of this service so that group insura

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And now you'll only need one device to calculate Time, and any of two rates of interest.

T LAST! It is no longer necessary have *three* Meilicke Calculators at nd for each operative, when only e of the models illustrated here will lculate one, two, or three rates,— d tell elapsed time as well!

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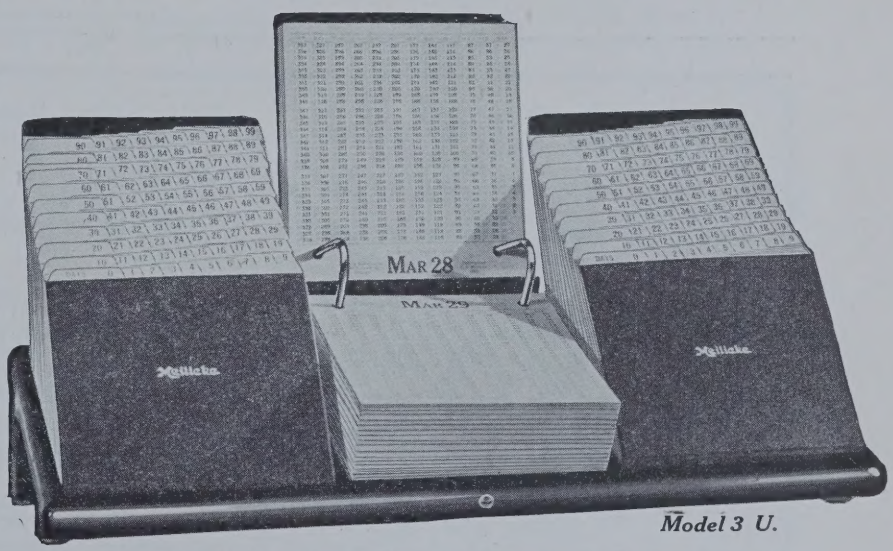
ıe new model Meilicke Calculator, ıich you indicate on the coupon, is ıdy and waiting for you for 10-day ɛe trial.

MODEL 2 U. Furnishd either as Combination Time and Interest Calculator, or two Interest Calculators.

MODEL 3 U. Furnished either with two Interest Calculators and Time Finder (as shown), or three Interest Calculators.

MODEL U. Furnished as either Time Finder or Interest Calculator.



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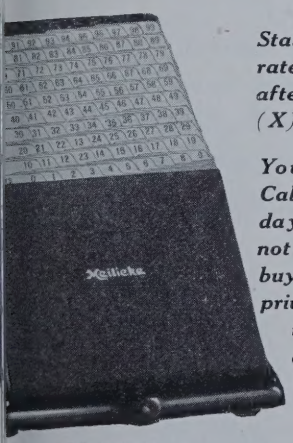

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- ☐ Model 2U ___% Time and Interest Calculator, $80.00
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- ☐ Model 3U___%___% Time and Interest Calculator, $120.00

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The Fundamental Rightfulness of the Family Finance Business

By Franklin W. Ryan, *Vice-President, National Cash Credit Association*

An address delivered at the Fifteenth Annual A. I. L. A. Convention in Philadelphia, September 18, 1929

According to the latest estimates and gures, there are now more than 3,300 ensed finance offices in our business in e United States with total outstanding ans of $175,000,000 as against 2,300 fices and $100,000,000 of loans 2½ years o. This increase of $75,000,000 in 2½ ars shows a fairly rapid growth and s prompted certain critics to question w and why we have grown. Others ve become greatly alarmed by the in-ease and have jumped to the conclusion at there must be something wrong about all. Whereas in former attacks on our siness, the arguments* were that our arges were too high, or that working en should not borrow at all, or that rsonal loans are not productive and erefore uneconomic, we are now being nounced for getting the American wage rner into debt. But this is not all. is also said that we not only work to t our customers in debt, but that we e also deliberately keeping them in bt. To some people, this is the only y that our growth of $75,000,000 in ns in the last 2½ years can be ex-ined.

There is an element of danger in this arge. Many of those who bring this arge are sincere. They see this $75,-),000 increase in our business and they come indignant at us because they tually think that we have duped and guiled and tricked our customers into in some underhand way. They believe s charge is true and you—those of you io do not know the elements in the uation—may not know whether it is re or not. We are actually in danger letting them convince us that our busi-ss is wrong, when in reality it is a siness of honor and integrity.

But this charge that we are deliberately rking to trick the American working n and get him into debt and keep him debt is not true. And you must know y it is false. It is your duty to know. though the people of the United States e in debt to us to-day $175,000,000, d in debt to the Morris Plan system 00,000,000 and to the Wimsett system 5,000,000 and to the Citizens system),000,000 and to the pawnbrokers over $300,000,000, and to the credit unions $55,000,000, it was not because of aggressive methods on the part of the lenders or industrial bankers or pawnbrokers or credit unions that they got into debt.

You know that in many cases we merely have to open an office and let a community know we have money to lend, and the people come flocking to get it. Is there trickery or underhandedness in that? Certainly there is nothing wrong in giving a service where it is urgently needed even though many reformers think it is not needed. The fact that our business increased $75,000,000 in the last 2½ years is proof enough that there is a demand for it. And this demand itself is the cause of its growth. Let those who criticize us, destroy this demand by sound economic methods and we will be forced to liquidate and go out of business. But as yet, they have not tried it.

I am going to refute this charge against us and silence it very effectively by showing that instead of our offices being the cause of getting the American worker into debt, the American wage earners' debts are largely the cause of our growth. The American worker's habits of getting into debt are the cause of most of the $75,000,000 increase in our business in the last 2½ years. And now I will take up the matter of the American worker's recent plunge into debt which constitutes one of the most remarkable phenomena in modern history.

Have you ever tried to estimate the total national income of the United States? I mean by that the total sum of all the incomes of all the people. Professor Morris A. Copeland, of Cornell University, has just made an estimate that the total national realized income is $89,000,000,000 which is $745 *per capita* on the average or $3,700 for each family, counting five to the family. We have 120,000,000 people in the United States, which divided by five, gives us 24,000,000 families. Of these there are fully 20,000,000 families who, at some time or other, can advantageously use our service.

Professor M. T. Copeland, of Harvard, estimates that total retail sales in the United States in 1927 were $46,000,000,000 so that they are about $47,000,000,000 or $48,000,000,000 for 1929. But of this total of $48,000,000,000 in retail sales, about one-tenth or $4,875,000,000 is sold on the installment or time payment plan according to estimates by Professor E. R. A. Seligman, of Columbia University. But at any one time the total amount of installment paper outstanding is about $3,000,000,000. In contrast with that total the little $175,000,000 that we have outstanding in installment loans is merely a drop in the bucket. It is only about one-seventeenth of that total.

There is no great difference between installment sales and installment loans such as we make. If a man goes into a store and buys a $300 living room suite or a $300 radio and then pays for it on the installment plan in twenty months, he is doing about the same thing as when he first borrows the $300 from us and then buys the radio or living room suite and then pays us for it in twenty monthly payments. There are numerous cases where the radio dealer, after selling the $300 radio, will then sell us the customers' notes at a discount.

After the contract has been negotiated, an installment sale is about the same thing as an installment loan; the only difference is at the point of origin. But we hear very little criticism of installment sales. There are no attempts to limit the profits of installment firms even though in some cases, they make larger profits than we do who lend merely cash.

There is nothing fundamentally wrong with installment selling. In general, the modern time-payment system has been beneficial to the industrial worker although in individual cases, many families have gone more deeply into debt than they should. The evils in the installment system are not to be found in the installment contract inself but rather in the lack of financial judgment on the part of the borrower. Furthermore, it is generally admitted that our family finance service as rendered by our licensed offices, is getting real results in overcoming this difficulty by instructing our customers in financial matters, by showing them how to budget their expenditures and how to plan for future emergencies. In doing this, we not only meet the individual customer's need; we also render a most valuable service to society.

One of the greatest fallacies I have met is this idea on the part of theorists and reformers that it is all right for a merchant to buy a living room suite or a

* These arguments are discussed in *The ture of the Small Loan Business* by F. W. an, published by the American Industrial nders Association.

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radio or a piano for $150 at wholesale and then mark it up 100 per cent to a retail price of $300 and finally sell it on installment payments, while it is a wrong for any one to charge more than six per cent per annum for a loan of money. Every loan is merely an exchange of present money for future income and if the borrower and lender are in equal bargaining positions, with free competition among lenders, there is nothing wrong with any kind of a loan bargain that may be arrived at. A statutory maximum is only necessary where, because of lack of competition among lenders, the borrower and lender are not in equal bargaining positions. The wrong in this business is oppressing the borrower when he is unable to pay. If we take heavy chances, we must be good losers when we discover that some of our risks are bad. The worst kind of moral usury is the deliberate oppression of those who cannot pay.

But the big point which I want to stress is that it is not the activities of our loan offices which get people into debt; it is the aggressive sales tactics of installment houses that get people into debt. I will now cite some figures.

This total of $3,000,000,000 of installment sales outstanding at any one time is made up of a great many things such as automobiles, washing machines, pianos, sewing machines, furniture, radio sets, vacuum cleaners and many other intangible things such as deferred payments for hospital charges, medical services and dentist bills.

For example, to show you how radio sales have increased in the last few years, the total value of all the radios in t United States in 1914 was $492,000 b at the end of 1927 it was $191,000,0 and 75 per cent of all radios are sold the installment plan. This year the tot will be larger than ever. Furthermor as you know, the great majority radios come within the $300 maximum the small loan laws.

The total value of vacuum cleaners 1914 was $19,000,000; in 1927 it w $35,000,000 and probably much more th that to-day. The total value of washi machines now in use in the United Stat is over $75,000,000 and they have all be sold since the war by aggressive sale men who go into a worker's home a get him to buy them on the installme plan. The total number of electric r frigerators sold in 1927 was 365,000 compared with 248,000 in 1926. The sales amount to nearly $100,000,000 ea year. A large share of these are sold families on the installment plan but ev those sold to apartments are really pa for by the tenants as a part of th monthly rents. At least the landlor figure it that way.

The registration of automobiles in 19 was 1,258,062; in 1927 it was 23,127,3 and two-thirds of these cars are lo priced cars like Ford and Chevrol which are bought on time payments the class of people to whom we le money, and are sold by aggressive sal men who want to get wage earners debt and actively compete with each oth to get them into debt. The producti of automobiles in 1928 was over 5,000,0 cars and will be more than that this ye and of the 10,000,000 cars sold in t last two years, we can be safe in sayi that fully 60 per cent are low priced ca At least 6,000,000 low priced automobi were sold during this period to the per cent class to whom we lend mon and most of them were sold on time pa ments.

From all these examples and statisti you can easily see how it is that the to of installment debts outstanding is abo $3,000,000,000 in contrast to the ent total of $175,000,000 which we have a vanced in financing American famili Other debts exclusive of cash credit, su as grocers' bills and other open accou debts, probably bring the total of tin payment debts substantially above $3,000,000,000 mark.

I think that I have now given y enough figures to convince any one th we are not guilty of being the cause getting the American wage earner i debt. All we do is to provide a financ ervice which enables the worker to m pressing emergencies or to adjust existing debts or to pay them off in more convenient manner.

Recently a statistical study was ma of personal loans in the State of W consin by Mr. W. Frank Persons. found that of a thousand loans made a single assembly district in Milwau County, about two-thirds were ma either to consolidate preëxisting debts to pay off debts. Of the $4,000,000 loans now outstanding in the loan offi of the National Cash Credit Associati fully two-thirds are made for paying debts or consolidating debts. The ma ager of our Philadelphia office tells it is fully 75 per cent. Our general ma ager of loan offices, Mr. C. I. Voorhe tells me that the aggressive tactics installment salesmen are very noticea in many places. He says that often, a

have analyzed a man's financial situa- and worked out a practicable plan so he can pay off his debts, some install- t salesmen will come along and talk family into taking on new obligations washing machines, radios and vacuum ners so that the time when they can out of debt becomes more and more ote. Because of installment sales-, there are millions of American fam- who will stay in debt for years.

think I am very safe in saying that he total of about $175,000,000 in loans outstanding in our business the most t got on our books because of the cs of these installment salesmen who worked on the wage earner and got into debt.

ou may ask, "What about the other s which were not made to consolidate xisting debts or to pay them off? we use aggressive tactics to get those s on our books?" I have talked this tion over with several loan men and say that many of these loans come ur books because the customer is al- y obligated so heavily by installment s and other open account debts that as to come to us for any pressing gency. In a case like this, our serv- becomes an absolute necessity and cially to those who cannot get co- ers on their notes and whose only of credit is a chattel mortgage.

member that the money we lend is the medium of exchange. No cus- r wants the money simply to have it. wants it to buy some commodity or ce or to meet some emergency about h we may know nothing when he s in our office as an applicant. n you come to think of it, it would mpossible for us to use aggressive ods to get our customers in debt to nless we coöperate with merchants salesmen to help them increase their But even if we do this, it is the e for some commodity and not for y alone which gets the purchaser into

are not selling anything but financ- service and this becomes necessary customer only when he wants to pay r consolidate his installment debts meet some emergency for which n get the money in no other way. y customer is free to shop around g lenders to get the lowest rate. can get two guarantors he can go personal loan departments of banks the Morris Plan, but it is getting and more difficult to get guarantors. an said to me recently, "I would give a man $25 in cash than have e worry and bother of going on his

service which we render to the is a necessary service. The install- loan contracts which we make are and just. The financial advisory e we give is of great value to our mers. If there is any impression abroad that our business is not fair ust, that impression usually arises se of some misunderstanding or lack of knowledge of the facts.

re have been many attacks on our ss but most of them are unsound. have quoted the Bible against us ome have quoted Aristotle. Some used the socialstic argument that harge for the use of money is wrong, ll these arguments fall before the f common sense. Likewise as I shown you this afternoon, the argu- ment that we are tricking the borrower to get him into our clutches, is demolished and shattered by the actual facts in the case.

I want to digress a little right here. I have heard it said that small loans of the type we make, have a tendency to pauperize the American wage earner. There is a sort of assumption that we lend to paupers after the manner of Shylock with the security of a pound of flesh but this again is absurd and ridiculous. We never lend to paupers. They have no security. Even if we could get co-signers for such loans, it would be bad business.

When we finance a family and take a chattel mortgage on household goods, we are doing just what the installment furniture merchant does every day and we certainly are not lending to paupers. A house full of furniture represents savings and often amounts to $1,000 to $15,000 of investment. Then again, every child in a family, represents savings. Sometimes a child represents several thousand dollars of investment and the greatest investment a modern family can make is in the education and development of a child.

To those who say that personal loans are unsound because they are unproductive we can answer that there is no higher type of productive loan than a loan made to help educate a child. Sometimes a $100 loan to educate a child will accomplish more than a $100,000,000 loan in Wall Street to help manipulate the stock market. Personally I feel that a great many of the loans we make are more productive and therefore more sound economically than any speculative loan in New York, and yet our little $175,000,000 seems very infinitesimal in contrast to the $5,000,000,000 in brokers' loans now outstanding. I am sure that many of you who are giving your lives to our finance service, will agree with me.

I suppose our reformer friends think it is perfectly all right when a money lender is unable to make any profit at all, yet there were sixty-five loan offices or nearly one-sixth of the total of 408 offices who made loans in New Jersey in 1928, who ended the year with deficits. There are quite a number of individual independent lenders in New Jersey, whose figures are on file with the state banking commissioner, who might have done better with their capital in some other line of business.

Then there is another argument that has been hurled at our business lately and that is the argument that has been so effectively used against us in state legislatures, namely that the licensed small loan business is an underhanded business which uses questionable methods and that nobody knows anything about it. But, as Mr. Persons will tell you, the people of Wisconsin completely disproved that statement by actual facts. Many members of the Wisconsin state legislature visited the loan offices in that state and found, on the contrary, that the business in that state, as it is in every other state, is an open book, that there is nothing covered up, that it is perfectly in the open. These legislators found that the lenders, with only one exception, had followed the state law exactly to the letter. But this condition of affairs is substantially the same in other states. The Uniform Small Loan Law is a strict statute. It compels obedience. It makes it certain that the business will always be fair and just and above-board.

As our business grows in volume and importance we find we are subject to many different kinds of unjust criticisms. And we are likely to continue to have these criticisms directed at us until we have finally convinced the public that our business is a business of integrity. Therefore, one of the greatest objectives you can have in your minds, is to convince more and more people of the fundamental rightfulness and soundness of our service.

I do not know how long it will take—it will take some time yet—but with the new reorganization of the American Industrial Lenders Association which has recently taken place, it appears to me that the time required will be greatly reduced. Every day we win new friends. When men like Secretary Davis and Congressman McFadden and many others speak favorably of our work, we know it cannot be long until the misguided prejudices against us will be dissipated. And don't forget that the first small loan law in New Jersey was enacted in 1914 under the administration of Governor Woodrow Wilson who regarded it as one of the most constructive pieces of legislation during his term in office.

Out in Wisconsin it was said that the borrowers did not want our business in the state but, as Mr. Persons informs me, when ballots were sent out to the borrowers themselves, out of the 13,847 votes cast, only 910 voted to repeal the small loan law and 12,577 or 93.2 per cent voted to keep the law, which proves conclusively for one state, at least, that our customers do want our service to continue. There is no doubt that similar overwhelming results would be obtained if ballots were taken in all of the states in which we have offices.

I believe I have completely demolished the argument that our business should be abolished because we trick our customers into debt. It is our present-day economic system that gets them into debt and we provide them with a necessary and constructive means of financial relief when they are already in debt. If this were ot true, why do 12,000 borrowers in Wisconsin request that our business be continued?

Mr. Leon Henderson, of the Russell Sage Foundation, told you that you must study economics and master the principles of this business. I want to stress this. Suppose you could all become lawyers simply by opening law offices and having your cards printed and then practicing law. Could you succeed as lawyers with no legal training? Some of you might, but a lawyer, in order to make a real success, must first study and master the law.

So in this business, just as Mr. Henderson says, you are all economists. You are practicing a profession based on the science of economics. You can get along fairly well without studying the science of economics but when some one shoots an economic argument at you, you may be confused. Therefore, I am inclined to agree with Mr. Henderson that we should study and master the basic principles of personal credit and that we should keep up with the latest developments and best thought regarding our work.

As an example of a basic economic principle related to our business, I have not used the word *interest* up to this

point in my address to-day because neither our loan service nor its statutory regulation have anything to do with fluctuations in the market rate of pure interest as defined by economic science.* Our loan charge of 3 per cent or 3½ per cent a month is mostly not interest at all. Not over one-seventh of it is pure interest. No usury law that has ever been enacted has ever controlled this market rate of interest. You can see this for yourselves in the fact that time money in New York is now eight or nine per cent per annum while the New York usury law maximum is six per cent per annum.

There are two mental attitudes toward our business which we members of the American Industrial Lenders Association can hold. One is negative; one is positive. One attitude is: I am in this business; I don't know whether it is right or wrong but I am in it. Therefore, it must be justified. But this it not the correct attitude. We must all discard it and become dominated by the nobler and higher positive mental attitude. We must believe in this business. We must be completely sold on it ourselves. This business is a necessary social service and the economists tell us that the best social service is one that the public pays for and not the kind that tries to uplift the public, free of charge, when they do not want to be uplifted. We must think it through. We must see that we are in a great basic and fundamental business, a worthy business, a necessary business, a business that is dynamic and bright with great possibilities. Let our minds go through a complete revolution. Make new friends for our work every day. But in order to make friends for the business, we must believe in it ourselves. William Wrigley, Jr., defines salesmanship as "BELIEVING SOMETHING AND CONVINCING OTHERS." This is what we must do: Believe in the fundamental rightfulness of our business and believe in it so firmly and strongly and so *intelligently* that every person we meet will be impressed and convinced and then come to our way of thinking.

I do not know whether you will agree with me or not but I hope you will accept the things I have said this afternoon as my sincere opinion. I believe in our finance service and I believe in what I have said. I am certain that the position I have taken to-day is justified because our business is right, because it is economically sound, and because it is now already established and widely known as a fundamental and necessary business, recognized and respected by the leaders of our nation.

* See, *Usury and Usury Laws*, pages 144-145.

DYNAMIC MICHIGAN

By W. G. Stevens

The Thirteenth Annual Convention of Michigan Industrial Lenders Association was called to order with a bang by Chairman J. J. Bentley, at the Hotel Statler, Detroit, Thursday, October 17th. The roll call a few minutes later showed that we had in attendance 98% of our membership, which is proof that the Michigan Loan men have awakened to the fact that we are living in an age that requires a strong and active Association, and the exemplary spirit manifested at this meeting is further proof that Michigan is fast taking her place among the leading States in the loan field.

Figuratively speaking, we had three generations in attendance, not the commonplace father, son and grandson that you often read of in the home town blabber, but loan men of three distinct periods of evolution of the business. First generation are those of pre-legal rate days when $50,000 was a lot of money. The second generation, those of the period from 1913 to 1928 when we spoke in terms of hundreds of thousands of dollars and when the dignitaries of the loan business were happy in the thought that they had at least agreed on a rate that was fair to both lender and borrower, and through their extreme acts of cautious devotion, have glorified the loan business. Their phenomenal achievements have brought us to the apex of big business and public service, because of a $10 borrower is given the same consideration and service as those wanting the limit. The third generation speaks in terms of millions. They have come into the business at a time when rates are being cut, and when flippant conversations of a suspicious nature are sometimes in evidence. Our actions should not belie the fact that we still have faith in our laws, in our business, and in each other. It is undoubtedly true that, if reduction in rates has a tendency to cause neglect of the $10 to $100 borrowers, then this army of small borrowers are in danger of falling into the clutches of the vest pocket lenders and salary buyers. We must prevent that or we shall have failed in our attempt to render a complete and satisfactory public service.

Now that we have the three generations officially introduced and seated, we will proceed with the meeting. After the address of welcome by Lee Barrett, Vice-President of Detroit Convention Bureau, Chairman Bentley expeditiously disposed of the regular routine, before we adjourned for luncheon at which we were entertained by the Venetian Ladies Trio. You know we always have music at our luncheons, because we can dispose of our soup and celery without fear of losing our social standing. After the rattle of dishes had ceased and the ladies had left for the world's most beautiful theatre, we were addressed by Chas. A. Nyman, Manager of Sales, First National Co., Detroit, who spoke on the subject of the "Trend of Modern Banking." Mr. Nyman says that the old time banker with his sideburns, frock tail coat, dyspepsia and cold glassy stare has disappeared. Now, you are greeted by a warm-hearted he-man of the species, who goes out of his way to welcome you and take care of you as far as sound judgment permits (at that I don't believe he means to convey to us that they would go so far to get a customer as we do for a $300 client). However, we are glad to know that the impossible has been accomplished. Only a few years ago the thought of thawing out a Banker's heart was classed with the knotty problems of perpetual motion, or Prof. Einstein's theory on Relativity. Who knows, we may learn at some future date that we can successfully loan money in sums of less than $100 at a rate less than 3½% per month?

Afternoon meeting called to order at 2 P. M., by Norman Buckner. W. Frank Persons, Executive Vice-President of the A. I. L. A. was introduced and responded with a short talk on Association fairs.

C. E. Kaye, Deputy State Bank Commissioner was next introduced, h ever, he needed no introduction bec he was with us last year. The same Ralph Clench, Special Examiner, wh always with us (as long as we are d what is right). S. B. Kempton, De Better Business Bureau, was also sented, but needed no introduction. N in order was a very interesting p read by T. W. Stranz, of Detroit, the subject "A Loan Manager's Op tunity for Service."

Under the subject of new busi John Ryan read a decision from the torney General of Michigan to the e that "It is legal to charge a reason fee ($35.00 was the amount in quest in cases of repossession regardless of fact that there has been no proces law." It was instantly evident that procedure is distasteful to the State B ing Department and to M. I. L. A. m bers. Accordingly it was mo supported and carried that the Ch man appoint a committee of three draw up a resolution, condemning practice with instructions to the Se tary to send a copy of same to the torney General and State Banking partment. The committee compose Messrs, Persons, Kempton, Birnk submitted the following resolution w was approved:

"Resolved: That it is one of the p ciples of the Michigan Industrial L ers Association that the letter and spirit of the 'Small loan act' shal faithfully observed in all respects by member of this Association, and b further

"Resolved: That the members of Association are unanimously oppose the exaction of any fees or charge (o than the legal charge for the use money loaned) for any service or pense whatever, except as, and when lowed in the particular case by Court tion."

Accepting the invitation to hold next meeting in Ann Arbor, the mee was adjourned in order that the ow and supervisors could have a short sion at which Mr. Persons was in to attend.

The doors to the Banquet Hall thrown open at 7 P. M. and within a minutes the large ballroom was crow to capacity which made our State m ing take on the proportions of a Nati affair. When sitting at the speaker's t looking over such a vast, happy, cha ing, assemblage one if often given to soliloquy and in my rambling thou I was happy to know that Michigan at last taken her place among the So intent were the members in catc every word at the meeting, they unmindful of the large army of wor putting hurried touches to the magnif electric fountain in front of the and hanging great streamers of ye cloth on all the buildings in prepara for the celebration of Edison's go light jubilee. On our table were can a fitting reminiscence of days before saw real light;—Outside the streame yellow, the color that has never had significance, so far as the loan bus is concerned, and we sincerely hop never will.

After the music and entertainment

ring Chairman Bentley introduced B. Henderson, Ass't General Manager of ısehold Finance Corporation, of cago, as toastmaster. Mr. Hender- needs no introduction because he is wn all over the country where we rates from 2½% up and besides we e had him for toastmaster several es and each time he improves with (like other good things I know of). Henderson started off with a few d jokes and then introduced the new ers: Norman Buckner, Chairman; G. Clancy, Vice-Chairman; W. G. vens, Secretary; J. J. Hanes, Treas- ; E. R. Klein, Fifth member of cutive Committee. We had as our sts C. E. Kaye, Deputy Bank Com- sioner, Ralph Clench, Special Ex- ner, S. B. Kempton, Detroit Better iness Bureau, W. Frank Persons, L. Osborne, R. C. Aufderheide, A. C. ughman, D. T. Hurry, W. W. Hamil- C. C. Woodley, D. R. Reynolds, E. Klein, Paul Huenkemeier, H. G. De- ese, B. L. Thuma, Will A. McCul- gh and D. H. Rose.

he entertainment committee composed C. C. Carey, L. W. Richardson and L. Good, was highly commended for r splendid entertainment. Dancing ed until the wee small hours of the ning and many of those who stayed l the finish, arrived at their homes in e to greet the milk man, and the cur- slowly dropped on a perfect day and higan's best convention.

THE LOAN MANAGER'S PPORTUNITY FOR SERVICE

By T. W. Stranz

he word Service is one of the most resting in the English language. bster defines Service as "Assistance kindness to another; benefit." Dur- the last business decade this word been worn thin by much loose irre- nsible handling until it must be ap- sed in connection with the character resources of the individual or insti- on offering it.

Many have grasped the word Service he means of convincing the public of ething which does not actually exist. vice, as it applies to a business in- ıtion, must not be just a fixture—it t be actually imbedded in the hearts he individual responsible for the re- ons of that institution to the public. perly appreciated, *the idea of service,* er than the word Service, has no tations. It is questionable whether n the business of financing the Amer- family really and truly appreciate enormous service we can render to kind. The mere advancing of dol- and cents to the individual in need noney is, upon analysis, the least of service to the public; that becomes ely a business transaction. That re- es the immediate emergency but to of lasting benefit the service of the n Manager must go a step further. s one thing, of course, to get a man of debt and it is quite another thing eep him out. Our business presents lendid opportunity to serve both of e purposes.

we will but realize it, the people who e to us for immediate financial as- ınce are just as much in need of ndly sympathetic advice as they are in need of cash and it is this human relationship which determines the value of our service to them. If we Managers were held strictly accountable only for the continued growth of outstanding loan balances of our particular business there might be a tendency to conduct our business with the sole thought of lending more and more money. However, this would defeat the real purpose for which the business has been maintained. Sometimes the serviceable thing is to turn down an application. All of us have met with situations where an account, a present customer on our books, returns to us for an additional loan and in their request for credit extension, insist that they need a certain amount of money. The usual temptation is to immediately grant their request, with no further thought. However, if the Manager has in his heart the idea of Service he will in cases like this, go over the financial condition of the individual carefully, analyze his problems and for the good of the customer sometimes refuse to grant the loan, because this customer was not really in a position to carry the increased obligation.

I have talked with men who say it is foolish not to take advantage of every loan that comes to you—it is foolish not to take advantage of every request for an increase or renewal. These men have not even grasped the first principle of service. They see no further than today. They do not realize that the "tomorrow" of their business depends entirely upon the good they do today.

Loan Managers should never pass up an opportunity to serve the borrowing public in an advisory capacity as well as in a financial way. For instance I know of a case where an elderly man walked into a certain loan office and wanted to borrow $100. He told the Manager that he wanted to go to Denver. He said he had just received word that his brother had died. He had not seen his brother for twenty-five years—the last he knew his brother owned a little barber shop and he thought perhaps he might have left some property. He was the only relative and he had to go to Denver to find out about it. The Manager told him that perhaps it would not be necessary for him to go to Denver; the Manager said, "You give me your brother's name" —he didn't know his address "and I will write to the Judge of the Municipal Courts in Denver and ask if he can have some one search the records and see if your brother left any property."

The man was greatly surprised when the Loan Manager told him that he would write to the Judge free of charge. The Loan Manager received word from the Judge that the brother who died left no property and was buried by his lodge and was well taken care of but had practically no personal effects whatever.

This little service to this customer saved him $100 expense, to say nothing of the loss of time going to Denver to find out the circumstances. This is only one of many instances where Loan Managers have wonderful opportunities to assist people who are not well advised in family financing.

No business in the world offers a greater opportunity to actually feel the heart throbs of the man who works and the future success of the business will be in proportion to the extra service which the present-day Loan Managers render to the borrowing public.

Therefore, we, as present-day Loan Managers, should not lose an opportunity to serve the entire community.

"BENEFICIAL" TO VOTE ON STOCK INCREASE

Holders of common stock of Beneficial Loan Society will meet on October 31st to vote on an amendment to the certificate of incorporation of the society which would change the number of authorized and issued shares of common stock from 35,000 shares, without par value, into 140,000 shares of stock, or at the ratio of four for one. Beneficial Loan Society was organized in 1913 and has grown steadily since that time.

STATE'S SMALL LOAN LAW WILL GET TEST

U. S. Supreme Court Agrees to Pass on Validity of Act

Washington, October 28.—The Supreme Court to-day consented to pass on the validity of the Georgia law regulating the loaning of money in sums of $300 or less at a greater rate of interest than 8 per cent.

It anonunced that J. L. Morgan, indicted by the grand jury of Fulton County, Georgia, for violating the law, had presented a case within its jurisdiction and that it would be reviewed on its merits.

Morgan, who was indicted for not having a license from the State Banking Department, challenged the constitutionality of the act, which was passed in 1920. The licensing act was sustained by the Georgia State Courts.—*Atlanta Constitution 10-29-29.*

LEGAL LOAN COMPANY CELEBRATES ITS TWENTY-SIXTH BIRTHDAY

The annual convention of the managers and assistants of the branch offices of the Legal Loan Company was held in Marion, Indiana, October 3d and 4th. The meeting was opened at noon with a luncheon at the Spencer Hotel.

A business meeting was held at the home office of the company in the afternoon Hon. George W. Rauch talked on "Financing the Family." Will A. McCullough of Indianapolis told about the "Trend in Advertising," and J. Frank Charles discussed the "Spirit of the Uniform Small Loan Law."

The annual dinner was held in the evening at the Country club, and the wives of the directors and managers and girl assistants of the various offices were in attendance.

Prof. F. C. Hockema, of the industrial engineering department of Purdue University, gave an address on "The Business Family." The dinner was followed by entertainment and dancing.

Leaders to Speak

W. B. Nichols of Terre Haute, president of the Indiana Industrial Lenders' Association, and F. L. Thompson of Shelbyville, chairman of the executive committee of the American Industrial Lenders' Association, were in attendance

and gave talks at the Friday morning business session.

The meeting adjourned with a luncheon at the Spencer Hotel at noon Friday. Following adjournment a golf tournament was held at the Country Club.

This meeting marks the twenty-sixth anniversary of the organization of the Legal Loan Company.

Starting with one office in Marion back in 1903, the company has grown until it now operates twenty-four branch offices in Indiana, Illinois and Michigan.

During the year just past new offices were opened in Mishawaka, Ind., and Adrian, Ann Arbor and Niles, in Michigan.

A. C. Broughman, who is the general manager, reports that the year of 1929 has shown the greatest progress and prosperity in the history of the company.

There was about seventy-five visitors, and more than 125 people are expected to attend the banquet to-night.

The officers of the Legal Loan Company are:

R. J. Spencer, Jr., president; T. H. Bedell, vice-president; J. Frank Charles, vice-president; A. C. Broughman, secretary-treasurer.

The directors are T. H. Bedell, A. C. Broughman, J. Frank Charles, Fred O. Edward, R. J. Spencer, Sr., R. J. Spencer, Jr., H. E. Arnett.

The executive officers are A. C. Broughman, general manager; H. E. Arnett, assistant general manager; D. T. Hurry, assistant general manager.

MORRIS PLAN OPENS WOMEN'S DEPARTMENT

In conjunction with the opening of a new "Department for Women," under the direction of Miss Rebecca Loose Trauger, the Morris Plan Company, of Philadelphia, announces the inauguration of a program of scheduled lectures and informal talks for women which will cover all financial subjects, ranging from household budgeting to banking. Women of national standing in the financial world will attend these meetings as guest speakers, the first of whom will be Bessie Q. Mott, internationally known feminist and financial expert. Mrs. Mott will speak on "Money Management" at 8 p. m., October 9, in Room 706, Franklin Trust Building, Fifteenth and Chestnut Streets. Her lecture will be of equal interest to housewives and business women.

HOUSEHOLD FINANCE CORPORATION APPOINTS BURR BLACKBURN

Household Finance Corporation announces the appointment of Burr Blackburn, formerly of Atlanta, Georgia, as Director of Research for the Corporation beginning September 1, 1929.

Mr. Blackburn has just completed the study of the social effect of the Uniform Small Loan Law in Wisconsin where he worked under the direction of Dr. John R. Commons, of the Department of Economics of the State University. It was upon the basis of Mr. Blackburn's investigation that a committee of prominent Wisconsin citizens recommended the retention of the Small Loan Law in Wisconsin and their report had much to do with the defeat of the repeal of the law during the recent session of the legislation.

Mr. Blackburn has had a varied experience beginning as a newspaper reporter in Birmingham, Alabama, followed by several years in the legal department of the Tennessee Coal, Iron and Railway Company. He then entered social work, spending a number of years in recreational and group activity programs and since the war has been director of the Department of Public Welfare in Georgia and Secretary of the Georgia State Council of Social Agencies.

He went to Wisconsin on the invitation of the Citizens Committee which was organized by the Wisconsin Conference of Social Work to make a study of the social effect of the Small Loan Law. The work of this committee was financed by the American Industrial Lenders Association which welcomed the opportunity to secure a fair and impartial investigation, and permitted the Wisconsin Committee to select its own personnel.

Mr. Blackburn was so thoroughly impressed with the beneficial service rendered to necessitous families by the small loan companies that he agreed to continue his studies and to coöperate with the Household Finance Corporation in its effort to render the largest possible service at least cost to its customers. He expects to continue studies of consumer credit, family economics and relationships between the loan company and its customers from the standpoint of the social worker. He will be available for addresses to civic and social groups on problems relating to the family pocketbook.

INDUSTRIAL BANKING STRONG IN EUROPE

Introduced Here in 1910 Institutions Are Making Much Progress

New York, Oct. 22.—Industrial banking which has become thoroughly nationalized in the United States only during the last decade, has long been a billion-dollar industry in European countries despite the enormous growth of this form of financing in this country, Europe still has a commanding lead in industrial loan volume.

This was the observation to-day of Arthur J. Morris, president of the Industrial Finance Corporation, who founded industrial banking in this country in 1910 under the Morris Plan.

Character and earning capacity served as loan collateral in Italy, France and Germany at the rate of millions of dollars per year while bankers in this country were still dubious of providing such a service, Mr. Morris recalled.

"But, while Europe still maintains a lead in loan volume, industrial banking in this country as reflected in the consumer-credit operations of the Industrial Finance Corporation and its affiliated companies has far surpassed the Continental system in the matter of institutional service.

"Industrial or consumer-credit, banking in the United States must serve a two-fold purpose. Credit is not the principal function here. The average man needed an avenue of investing on a small basis just as he needed a means of banking credit.

LAWYERS TAKE NOTICE

FACTS: The C. B. Company is a c poration chartered under the laws Ohio, with license to do business un the Small Loan Law. The C. B. Co pany makes a loan to John Doe, the n stipulating that it shall bear three cent on the unpaid monthly balance, a that in the event of judgment, shall b interest at three per cent.

QUERY: WHAT RATE OF INTEREST SHALL PREVAIL AFTER JUDGMENT?

G. C. Section 8303: Maximum R The parties to a bond, bill, promiss note, or other instrument in writing the forbearance of the payment of mo at any future time, may stipulate ther for a payment of interest upon the amo thereof at any rate not exceeding ei per cent per annum, payable annually

G. C. Section 8304. Rate Upon Ju ment on Instrument Containing Stipu tion. Upon all judgments, decrees, orders, rendered on any bond, bill promissory note, or other instrument writing containing stipulations for payment of interest in accordance w the next preceding section, interest sh be computed at the rate specified in instrument.

G. C. Section 6346-5. No licensee licensees shall make a loan or purch or furnish guaranty or security, as he inbefore provided (refers to the sm loan laws only) at a greater total char including interest, than three per c per month,..... Said three per c per month shall not be paid in adva and shall be computed on monthly b ances, without compounding interest charges.

G. C. 6346-5 A—Provided however t upon the amount in excess of $300.00 principal owing to the licensee for a such loan, purchase or furnishing gu anty or security, no licensee shall direc or indirectly charge, contract for or ceive any interest or consideration grea than at the rate of eight per cent annum, which shall include all charg shall not be paid in advance and sh be computed on unpaid monthly balanc without compounding interest or charg

".....the matter of the rate of inter is entirely within the legislative cont and the Legislature may classify money lending business and fix the r of interest for each classification." T Cleveland Collateral Loan Company John C. Bell, 17 N. P. (N. S.) 385.

".....The recital in the mortga making the bonds payable upon defa in interest at the option of the trustee bondholders, does not cut down the terest upon the principal after such p cipitated maturity to six per cent, leaves the interest to run at the r promised; and such rate shall be co puted in the decree at the rate promis by force of Rev. Stat. 3179 and 31 and as interpreted in Hydraulic Co. Chatfield, Monett vs. Sturges, and Ma etta Iron Works vs. Lottimer."

"By the Court: ..... It is equa well settled that a contract to pay specified rate of interest is a contract pay interest at that rate until the pr cipal debt is paid, and not merely the time the note is to run. Monnett Sturges, 25 O. S. 384-5.

In affirming Monnett vs. Sturges, Court says:....."The Court was claring the legal effect of an agreem

pay a rate of interest greater than six
r cent, but not in excess of that al-
wed by statute, without reference to
e form of contract in that case."..... .
arietta Iron Works vs. Lottimer. 25
. S. 621.

The effect of the foregoing cases is
at: Where there is a stipulation in an
strument for a rate of interest, and
at rate is legal, that that rate shall
evail at maturity and upon judgment,
d shall follow until the principal debt
paid.

There are some decisions which seem
modify this rule, turning upon failure
specify rate of interest, or upon ma-
rity. This technicality can be avoided
specifying the rate of interest to be
id after maturity and after judgment,
d by a stipulation that maturity is ex-
essly waived. The courts taking the
titude that mere acceleration does in-
ide in itself a waiver of maturity.

In the Collateral Loan Company case,
e court cites the recent origin of the
stallment note, and computation of in-
rest on unpaid balances. The Small
an Law provides in express terms for
computation of interest, and by in-
rporating such stipulation in the note,
follows that the rate so specified in
e instrument shall prevail after judg-
nt.

A. L. Gup.

2540 Overlook Road,
Cleveland Heights, Ohio.

LABOR BANKING PROBLEMS PROBED

Princeton University's Industrial Relations Section Publishes Comprehensive Report Following Impartial Investigation of Far-Reaching Scope

Labor banking, which developed rapidly this country following 1920 and which eived a serious set-back in 1927 due in rt to the unfortunate experiences of the otherhood of Locomotive Engineers, the subject of a comprehensive report t published by the Industrial Relations ction of Princeton University. The re-rt is a sizable volume, entitled *The bor Banking Movement in the United ates*, from the pen of Prof. J. Douglas own '19, Director of the Industrial lations Section; it examines impar-ly the movement which brought thirty-e labor banks into existence from 20 to 1926 and the important changes ich have lately reduced this number twenty-two. The problems faced by Engineers in developing their nation-le system of banks and holding com-nies as well as the growth and success other labor banks as discussed at gth in the new study.

The study is the result of a program research and investigation which the lustrial Relations Section of the Uni-sity has been carrying on for some rs in the field of labor capitalism. e report is a counterpart of one on ployee stock ownership completed some e ago and is intended to be of service labor leaders just as the stock owner-study has been of service to indus-executives.

According to the report, over $125,000,-in resources were possessed by labor banks during the peak years of the movement when thirty-six institutions were in operation. The Engineers' Cleveland bank, alone, held approximately $25,000,-000 in deposits at this time. Thirty-nine banks in cities in every part of the United States have been established by trade unions including those in almost every branch of organized labor.

A Spectacular Development

The most spectacular episode in this history of Labor becoming Capital is that in which the Brotherhood of Locomotive Engineers has played the leading rôle. Under the late Warren Stone, the Engineers developed a system of fifteen banks, eight holding companies, and six securities and insurance companies in addition to a large interest in the Empire Trust Company of New York. The rapid rise of this system and its disintegration in recent years are described in the report. The failures in judgment which brought the Engineers' excursion into Wall Street to an end make no less important the lessons learned by labor in this ambitious project, it is stated.

Among the outstandingly successful labor banks are the Amalgamated and the Federation banks in New York City. Each of these banks now has a million or more capitalization. In St. Louis, Chicago, Washington, Cincinnati, Newark, Paterson, and several smaller cities, successful labor institutions are now operating. Despite the reduction in numbers, a nucleus of growing labor banks remains.

Failures of labor banks have occurred infrequently. The principal instances are those of the Producers and Consumers Bank in Philadelphia, the Brotherhood Trust and Savings Bank in Pittsburgh, and more recently the City National Bank in Spokane. Other labor banks have been sold to non-labor interests, however, after experience has shown them to be unprofitable. The Engineers have sold most of their banks in order to divorce themselves from a financial system which proved costly to their organization.

Some Unusual Features

Among the unique features of labor banks examined in the report are the "character" loan, limitations on dividends and stockholdings, profit sharing with depositors, and strategic lending. The problems faced in the attempt to aid the cause of organized labor through its banks are discussed. The imposing plan of Stone to put labor representatives on he directorates of the leading corporations of the country through mobilization of labor's saving and investment power is described, and the elaborate financial structure of the Brotherhood's enterprizes is analyzed. The changing attitudes of labor, bankers, and the public toward this new form of banking, as well as the question of the financial and economic success of the movement are among the subjects with which the Princeton study is concerned. The introduction of small personal or "character" loan into commercial banking is shown to be a contribution of the labor bank. Several years before the National City Bank of New York took on this type of banking, the Amalgamated bank of that city had developed this method of combating the loan shark.—*The Princeton Alumni Weekly, 10-18-29.*

BUSINESS IN THE OPEN

Business must understand that, as such, it has no sacred privileges which the public is bound to respect. It must realize that if it is to retain its legitimate liberty it must win and keep public confidence; and the only way to win public confidence is to deserve it. Business liberty is held on the tenure of good behavior, and we cannot say of the public that what it doesn't know doesn't hurt, because it does hurt—hurts both the public and business.

If the public is intelligently to appraise and clearly to understand the public value of our economic processes and fairly to judge the character of business practices, it must be an informed public. Its information must be kept fully abreast of the rapid and extensive manifestations of business evolution.—*U. S. Chamber of Commerce President Butterworth before the Mid-Year Conference.*

INDIANA

The following is a copy of the program for the managers' meeting of the Indiana Industrial Lenders Association to be held in Evansville, November 20th.

"Response" by Ben Blumberg, Terre Haute, Indiana.

"The Necessity of Economics in the Industrial Loan Business," by Jos. Stratton, Sullivan, Ind.

"Merchants Credit Bureau Clearing House" by G. T. Davis, Sec'y., Merchants Credit Bureau, Evansville, Indiana.

J. R. Duncan of Evansville, Ind., will address the members at the luncheon with a talk "Aligning Your Business For To-morrow's Trend."

"Constant Change in the Loan Business" by F. L. Walters, Bedford, Ind.

Mr. Parker, supervisor, State Banking Department, Indianapolis, Ind., will make a few remarks.

This meeting will be held at the McCurdy Hotel in Evansville, Wednesday, November 20th.

MASSACHUSETTS

The Massachusetts Industrial Lenders Association held its quarterly meeting at the Parker House, Boston, Mass., October 23, 1929, at 12:30 P. M.

Following the splendid luncheon, which was enjoyed by all present, our chairman, Mr. Wholey, presented Earl E. Davidson, Supervisor of Loan Agencies of Massachusetts. Mr. Davidson expressed his appreciation to the association for being invited, as guest of the association, to represent Massachusetts at the National Convention held in Philadelphia on September 18th-19th-20th, and brought home fine memories of the kindness and splendid hospitality shown him at the convention. He mentioned his pleasure in meeting the different National and State Executives engaged in the Small Loan Business and in exchanging views on the operation of the Uniform Small Loan Law in different States. We know that Mr. Davidson was well fitted to present the operation of the Uniform Small Loan Business in Massachusetts, which he so splendidly supervises as a state official. Mr. Davidson also brought before the meeting facts and figures regarding rates in Massachusetts and stated that the advertising done by the different companies in Massachusetts must be made clear and

above board at all times so as not to cause any misunderstanding between the family financiers and the public. Mr. Davidson is always a very welcome guest at our meetings and this is shown by the way he holds the attention of his listeners with his instructive and constructive talks and the applause he receives at the conclusion of his talks shows the association's appreciation.

Chairman's Report

To the Executive Committee and members of the Massachusetts Industrial Lenders Association, as chairman of your association for the year 1929, I submit herewith a brief report of the progress of the association during the past year. We have had four meetings and one Annual Banquet and Ball, and they were unquestionably beneficial to each individual member of the association as a whole. I cannot, however, fail to express appreciation for the excellent work done by the different committees. At the start of the year we had forty-five (45) members; during the year we received 17 applications for membership, which number we admitted. One member withdrew, leaving us at the present time a total of sixty-one (61) full paid members. The benefits derived through membership in our association are becoming realized to a greater extent by the licensed lenders within our state and I deeply appreciate the splendid spirit of coöperation and I wish to express my sincere thanks to the officers and members for their time and efforts to further the interest of our association.

Just a word regarding my trip to the National Convention held at Philadelphia September 18th-19th-20th. My trip to the convention was a pleasant one and many interesting things took place; wonderful speakers, and great interest was shown regarding the future welfare of the personal credit business and the great progress being made by the National and State Associations. Some very interesting facts and figures were brought out at this convention which will appear in the year book and will show fields of activity and greater success in the future.

The Treasurer reported a nominal balance on hand with all bills paid.

Executive Committee and Counsel Report

This committee has received a report from the association counsel about work done for the prosecution of unlawful lenders. Six cases have been attended to and settled.

V. C. Moore of New York spoke in regard to such cases and highly recommended that such good work be continued.

Mr. Zimmerman recommended that each member subscribe for one year to the Industrial Lenders News and *Year Book* which gives all the late information in such cases of the law violators.

Grievance Committee

The report of Grievance Committee was in substance, that no information had been received from anyone regarding any grievances. General discussion took place by some of the members regarding adverse publicity of various kinds regarding the Uniform Small Loan Business and that steps should be taken to remedy such publicity.

The election of officers for the ensuing year resulted as follows:

S. E. Blandford, chairman; A. Sauve, vice-chairman; M. Greenman, treasurer; D. J. Cote, secretary; A. G. Zimmerman, M. W. Newman, H. P. Stephenson, members of Executive Committee.

Chairman Wholey: The Secretary informs me that they are all elected and I can get rid of my job, but before doing so, I want to thank the different committees, officers and members for their loyal support and coöperation given me as chairman of the association for the past year and hope and pray the same support and coöperation will continue for the coming year to our new chairman and the association. I want to express my sincere thanks to you all. I now turn over the chairmanship to our new chairman, Mr. Blandford, with best wishes.

Mr. Blandford: Gentlemen, I consider this a high honor, being elected chairman of this association and I am sure that when I turn the chairmanship over to my successor you can speak as well of me as you did of our friend Mr. Wholey, and I earnestly hope that the same loyal support will be given me as it was to our former chairman. We have a lot of work to do in the future if we are to maintain the progress of the association as in the past and we have got to get right down to good hard work if we are going to keep the Massachusetts Association in high standard and I know that every member of the association is anxious to have it so. Your fullest coöperation is solicited.

The following named persons, representing the various companies, attended:

Earl E. Davidson, Supervisor of Loan Agencies, Boston; D. J. Wholey, Financial Service Plan, Lowell; D. J. Cote, Personal Finance Co., of Camb. Inc., Cambridge; Sidney E. Blandford, Superior Finance Co., Inc., Boston; Morris Greenman, Van Dam Loan Company Boston; A. K. Dolliver, A. G. Zimmerman, V. C. Moore, Beneficial Operating Bureau, New York; G. W. Wightman Atty., Personal Finance Co. of Camb Cambridge; L. E. Green, Atty., Hale & Dorr, Boston; W. H. Fritts, Continental Finance Corp., Newark, N. J.; A. S Nesemith, New England Equity Corp Boston; A. Sauve, New England Equit Corp., New Bedford; J. Thurner, Ne England Equity Corp., Boston; S. H Harris, New England Equity Corp., Bos ton; W. A. Farrell, New Englan Equity Corp., Lawrence; J. A. Breen New England Equity Corp., Taunton W. P. Hunnewell, New England Equit Corp., Fitchburg; J. A. Brennan, Ne England Equity Corp., Fall River; M W. Newman, A. R. Philip, Ideal Financ ing Asso., Inc., Boston; W. H. Hearn Jr., Personal Finance Co., Somerville W. W. King, Personal Finance Co., Mal den; F. M. Gannon, Beneficial Loa Society, Boston; L. E. Menadue, Bene ficial Loan Society, Lynn; E. F. Hurd Industrial Bankers, Inc., Quincy; A. F Bull, National Loan Society, Boston W. E. Norton, National Loan Society Cambridge; T. P. Corcoran, W. J. Chap man, Pioneer Loan & Finance Co., West field; S. Michelman, Northampton Loa & Finance, Northampton; P. H. Mc Mullen, American Loan Society, Inc Worcester; H. J. Desormaux, America Loan Society, Inc., New Bedford; F W. Parker, E. C. Goguen, School Stree Loan Co., Boston; A. E. Viets, Ne Method Loan Company, Springfield; M A. Kelleher, H. A. Preble, S. R. Brigg Company, Boston; Three Guests.

The next meeting, with Annual Ban quet and Ball, will be held on Januar 25, 1930, Boston, Mass.

D. J. Cote, *Secretary.*

NEW JERSEY

The Quarterly Meeting of the New Jersey Industrial Lenders Association Was Held At the Hotel Plaza, Jersey City, New Jersey, September 5, 192

The meeting was called to order by President Vernon L. Buchman at 2:00 P. M.

Reports of Officers

Report of the Secretary:

Secretary Seabourne submitted his report on the status of membership as of September 1, 1929. A copy thereof follows:

Membership as of September 1, 1929	150
Deductions (Resignations this meeting)	4
Net membership	146
Members dues paid to December 1, 1929	120
Delinquent	26
	146

Report of the Treasurer:

Treasurer Matthews reported on the financial condition of the Association, showing that a nominal balance remained in the treasury.

Report of Executive Committee

Mr. Badger reported that the Executive Committee had met prior to this meeting, and that in regular session it had been duly moved and seconded that the Executive Committee recommends payment of any deficit incurred by the Chairman of the Entertainment Committee incidental to to-day's meeting.

Reports of Standing Committees

The Chairmen of the Membership, Entertainment and Publicity Committees reported in turn stating that nothing of importance had transpired since date of last meeting.

New Business

The President presented for consideration the recommendation presented by the Chairman of the Executive Committee, whereupon it was, upon motion duly made, seconded and carried, ordered that the Treasurer pay any deficit incurred by the Chairman of the Entertainment Committee incidental to to-day's meeting.

The Secretary read the resignations of the Lyndhurst Loan Company, Inc.; The Hamilton Loan Company; The Mercantile Finance Corporation of New Jersey and the Eveready Loan Company, and reported the withdrawal from business of the Home Credit System of Newark whereupon, it was

Duly moved, seconded and carried that the resignations of the above named companies be accepted with regret, and that

name of the Home Credit System be
)ped from the rolls.

Villiam Young, being recognized by President, spoke at some length upon forthcoming annual convention of the I. L. A. to be held at Philadelphia; ng all to attend. Further, he set 1 the many benefits of membership 1e National Association and appealed ll non-members of the national body in our own ranks to join up.

he President next introduced W. 1k Persons, executive vice-president he A. I. L. A., who was warmly ted by the members. Mr. Persons onded graciously to the greeting and e most interestingly of legislative lems incidental to the small loan busi-. He discussed specific instances of lative contests in other States, and e encouragingly of eventual favorable ion of these problems generally.

r. Persons was followed by G. J. ger, president of the A. I. L. A., dwelt at some length upon proposed ges in the organization of the Na-l Association, which will rebound to benefit of the business as a whole.

presentatives of the following mem-were present:

fices of the Beneficial Loan Society: den, Elizabeth, Jersey City, Newark, nge, Paterson.

fices of the Community Finance ice: Trenton, Elizabeth, Jersey City, ntic City, Camden, Newark.

fices of Conservative Credit System: ark, Orange, Passaic.

fices of Household Finance Corpora-: Bridgeton, Camden (2), Jersey (2), Newark (3), Camden.

fices of Monroe Loan Society: mfield, New Brunswick, Newark, ngton.

fices of New Jersey Cash Credit oration: Asbury Park (2), East nge, Englewood, Newark, Rutherford, onne, Irvington, Hackensack, Red k, Union City, Camden, Elizabeth, ey City (2), Trenton.

fices of Personal Finance Company: ville, East Orange, Hackensack, Bay-, Passaic, Jersey City, Bloomfield, h Amboy, Kearny.

nerican Equity Corporation; Atlas n Society; Borrowers Loan Com-; Continental Finance Corporation; A. Dunn Company; General Finance pany; Guardian Loan Society; Jer-City Loan Company; Martin S. el; New Jersey Funding Corpora-New Jersey Coöperative Finance pany; North Jersey Personal Loan pany; Orient Loan Company; Plaza n Society; Safety Loan Company; dard Loan Company, Trustees Sys-Company of Newark; Van Horn ncy of New Brunswick; Van Horn ncy of Trenton.

J. Gay Seabourne, *Sec.*

GEORGIA

ne meeting of the Georgia Industrial ers Association held at the Ansley l, October 25th, was rather tame; attendance not being as good as it ld have been. However, we had ral interesting visitors, Virgil Moore ew York; E. F. Moore, Philadelphia our friend, Judge Richard B. Russell. is is the first time Judge Russell has with us in about six months.

e are very much pleased to report the membership was increased by five at this meeting. The following applicants having been accepted as members:

Daily Loan Co., Columbus, Ga.; Family Finance Company, Rome, Ga.; Family Loan Society, Augusta, Ga.; Nash Loan Co., Savannah, Ga.; Family Loan Service, Inc., Savannah, Ga.

A committee has been appointed to prepare for our annual meeting to be held in January. This meeting will be held in Atlanta. The date to be decided upon by the committee.

Our city has a slogan, "Atlanta Always Ahead," but we tip our hats to Memphis, who is a year ahead. As you will recall it was the Georgia Association's desire and intentions to ask the National Association to hold their 1930 convention in Georgia, but Tennessee does not believe in delaying things. Congratulations to Tennessee in securing the National Convention. From the assurance given Virgil Moore at our meeting, the Georgia Family Financiers will help swell the attendance at the National Convention. Chas. T. Dismer, *Sec.*

Combining the NCCA and Community Finance Service, Inc., Is Forward Step in Developing Personal Credit Field

Dr. Charles G. Mueller Still to Head System He Built While Gilbert J. Badger Will Direct Enlarged NCCA Organization

Four More States, 45 Offices, Are Added to Those Already Under NCCA Banner

The transaction forecast in the August issue of the News has been consummated, and it may now be stated that the industrial lending organization referred to at that time is the Community Finance Service, Inc., one of the largest and finest personal credit organizations in the United States. The Community Finance Service, Inc., with total resources of over seven million dollars, thus becomes a unit of the NCCA Organization system.

The vital importance of this step by the National Cash Credit Association can scarcely be adequately indicated in the scope of this article. To attempt to cover the various ramifications of the arrangement would be to go into an amount of detail which cannot be covered here. Suffice it to say that the financial set-up of the Community Finance Service, Inc., was and is such that the consummation of this arrangement by the National Cash Credit Association is a most advantageous circumstance for both corporations.

More important, of course, to the future success of the NCCA Organization, of which the Community Finance Service, Inc., automatically becomes a part, is the additional trained man power thus brought into the NCCA Organization. All growth, profits and expansion are based primarily on man power and managerial ability. The executives of the Community Finance Service, Inc., are men of the very highest type who measure up in every way to the exacting standards which have been so constantly maintained by the NCCA Organization.

The announcement of the new arrangement has been made jointly by Mr. Gilbert J. Badger, President of the National Cash Credit Association, who will continue to direct the enlarged NCCA Organization, and by Dr. Charles G. Mueller, President of the Community Finance Service, Inc., which continues to function under his leadership, although becoming a part of the NCCA Organization through an identity of policy, ideals, ambitions and aims.

The addition of the Community group raises the number of operating offices controlled by the NCCA to just 100, and the field formerly served by the network of NCCA operating offices covering nine states, will thus be extended to a total of thirteen east of the Mississippi River. The states formerly covered were Connecticut, New Jersey, Pennsylvania, Maryland, Alabama, Georgia, Kentucky, Illinois and Wisconsin. The new states covered are Indiana, West Virginia, Michigan and Ohio.

The new arrangement is a natural outgrowth of the warm intimacy of the two leaders of their respective organizations through their mutual interest and work in the American Industrial Lenders Association of which Dr. Mueller served as president for two terms. Mr. Badger, it will be remembered, served as president of the A. I. L. A. during the past year. Both men are exemplifications of self-made success. Both started with little and have made their lives successful by hard work and concentrated study.

Both men have worked to create something far more than good business machines that would produce interest and dividends. They have devoted their energies to the building up of capable, loyal and thinking man-power machines, splendid organizations, which, pulsing with vim and ambition, have accomplished wonders and have established in record time two units so definitely in the realm of "big business" that their combination tops the 17 million dollar mark.

The members of the working forces of the Community Finance Service, Inc., and the NCCA are men and women who have been infused with the spirit of success radiated by their leaders and through their interest in self-development, have created a now combined staff of highly trained, keen executives, well able to cope with all the various problems that arise with the expansion and conduct of a personal credit system that is only now beginning to grow—the NCCA Organization.

For some time past the director of operations for the Community Finance Service, Inc., has been Mr. William Young, Executive Vice-President of that corporation. While Dr. Mueller has been more concerned with matters of general policy and various national angles of the personal credit business, Mr. Young has been occupied with the building up of a splendid working force. He has suc-

ceeded and the Community Finance Service group continues as before under the immediate direction of Mr. Young and his right-hand man, John D. Williams, the Second Vice-President of the Community Finance Service, Inc. In addition, Mr. Carl I. Voorhees, in charge of the NCCA loan department, will have the advantage of the experience and ability of Mr. Young in an advisory capacity.

Mr. Young is dynamic, forceful, direct, lovable—a man to inspire men and command their loyal service in the cause he has elected to promote. Mr. Young is not only executive vice-president of the Community but is also president of the Atlas Loan Society, an operating subsidiary of the Community system. He is a power in the affairs of the American Industrial Lenders Association, having served a term as president. During this last year he has been chairman of the Membership Committee of that body. In the various state associations he has taken an active part, having once been president of the Pennsylvania Industrial Lenders Association, and having at one time been president of the Maryland Industrial Lenders Association.

Mr. Young was born in Baltimore, Maryland, and was educated in the Baltimore Public Schools. He entered the personal credit business with the American Loan Company on April 16, 1910, and has been continuously in the business since that time in the following capacities: — Appraiser and manager, American Loan Company, 1910-1915; secretary, treasurer and general manager, Central Loan Company with offices in Baltimore, from September, 1915, to March, 1920; treasurer of the Community Finance Service, Inc., from 1920 to 1921; then elected executive vice-president in charge of operating, a post he has held ever since.

Mr. John D. Williams, second vice-president of the Community Finance Service, Inc., was elected to this position last year. Mr. Williams was born in Indianapolis, Indiana, and was educated in the public schools there, eventually being graduated from the Terre Haute Business College. Then he became a special factory representative for the Studebaker Corporation of America, from 1915 to 1919. From 1919 to 1922 he was president of the Great Western Finance Company of Los Angeles, California.

Mr. Williams first came with the Community system in 1922 and served as appraiser and manager of the Detroit, Michigan, branch. He was made a superintendent in the Western Division in 1929. His permanent headquarters are in Philadelphia, the home office of the Community system, which is not affected by the combination with the NCCA Organization.

Under the combination of the two systems the best features of both are to be maintained and the opportunities for advancement of the trained executives within both the Community and the NCCA Organizations will be much greater than ever before.—*The N. C. C. A. News, October, 1929.*

STATE ASSOCIATION SECRETARIES TAKE NOTICE

Instead of publishing the minutes of State Association meetings in this publication in the future, the present editor is disposed to adopt the Missouri plan, which calls for a column or a page of State Association News each month.

All Association minutes have their important uses, but as a rule, if formally written, make rather tiresome reading. The Missouri Association Executive Committee recently decided that instead of publishing a separate State Association paper, (as at least two State Associations are now doing), to keep the licensees of their State interested in Association work, they would ask for a column or a page in the NEWS to be devoted exclusively to the doings in their State. Their intention is to send in a year's subscription to the NEWS for all the licensees of Missouri, whether they be members of the State or National Associations or not.

The idea strikes the editor as being the best proposal toward the improvement of the make up of the NEWS to be made in a long time, and he hopes it will be adopted by all other State Associations and that someone in each State will be delegated to write the account for each State Association, who will see that it reaches the editor on or before the first day of each month.

Accounts for the December NEWS should be mailed to Geo. W. Kehr, Box 778, Harrisburg, Pa., on or before December 1st. This is surely a good way for each State Association to keep its members interested and to build up its membership.

CONNECTICUT

By HENRY HOLM

On Wednesday, October 16, 1929, the regular quarterly meeting of the Connecticut Industrial Lenders Association was held in the Hotel Taft, New Haven, Connecticut.

The meeting was called to order at 2:30 P. M. by Chairman William C. Kendrick.

There were fifty-four members present. Present also were H. P. Stephenson, New England Equity Corporation; Fred Lovegrove, Mutual System; Messrs. A. G. Zimmerman and V. C. Moore of Beneficial Operating Bureau, New York City; J. P. Hanley of the Ideal Financing Association. As guest there was present C. H. Farrell, manager of the Credit Bureau—New Haven Chamber of Commerce.

The Treasurer's report indicated all bills paid and a satisfactory balance on hand.

David Cæsar, Chairman of the Membership Committee submitted the following applications for membership. The applications were all approved by the Membership Committee.

Liberty System of Bridgeport.

Waterbury Mutual Loan Association.

Connecticut Cash Credit Corporation of Meriden.

Danbury Loan Corporation of Danbury.

Franklin Plan Co. of New Haven.

Franklin Plan Co. of Hartford.

Franklin Plan Co. of Bridgeport.

A motion made by Mr. Connor and seconded to appoint a committee to make arrangements for the annual Banquet to be held January 18, 1930. Secretary Henry Holm was appointed chairman of the committee.

Mr. Connor broke the news of the death of our esteemed friend, Geo Hodson, and on motion made and s onded a floral offering and resolut were sent to the Hodson home.

Resolved, That the Connecticut Ind trial Lenders' Association, at their re lar meeting learned with the profound sorrow of the death of George Hods who, through his father and his own sh connection with our line of business, identified himself with the loans wh are so essential to the necessities of small borrower. We wish in this way express our sympathy to Mrs. Hod and other members of his family and undersigned was appointed a commit to draft an expression of our sense loss and send a copy to Mrs. Hodson present a copy which will be spread u the permanent records of this Asso tion.

A. G. Zimmerman explained the r rule on Assignment of Wages which passed by the last Legislature. He fered a copy of Order on Wages Assignment of Wages to any lender terested.

Chairman Kendrick read an interest report on the Fifteenth Annual Conv tion of the National Lenders' Asso tion which was held in Philadelphia, S tember 18, 19, 20, 1929.

KANSAS SUPREME COURT DECISION

Nos. 28,860 and 28,869

The State of Kansas, ex rel., *William Smith,* Attorney General, et al., pellant, v. *W. A. McMahon,* et Appellees.

The State of Kansas, ex rel., *William Smith, Attorney* General, et al., Ap lant, v. *O. P. Harcourt,* et al., Ap lees.

SYLLABUS BY THE COURT

1. The exaction of usury ranging fr 240 per cent to 520 per cent per ann for small sums of money loaned to w earners, the collection of which is effec by garnishment proceedings and thre of such proceedings which cause the b rowers to be discharged by their ployers, and which systematically set naught the statutes enacted to proh usury and to protect wage earners fr ill-founded garnishments may reach extent and gravity which justifies the stitution of injunctive proceedings by state itself to suppress it.

2. A cause of action for injunctive lief to suppress the systematic exact of usury from the wage earners in industrial centers of this state, g against defendants' demurrers thereto stated in each of the plaintiff's petitio

SYLLABUS, PAGE 2

Appeal from Wyandotte District Cou Division No. Two. Frank D. Hutchin Judge. Opinion filed October 5, 19 Reversed.

William A. Smith, Attorney-Gene and Roland Boynton, Assistant Attorn General, both of Topeka, for the app lant.

Thomas E. Joyce, of Kansas City, the appellees.

The opinion of the court was delive by

DAWSON, J.: In these actions the sta relator seeks to stamp out the business

urers who prey on the poorer classes laboring folk in Wyandotte County. o that end the aid of the injunctive owers of the district court have been voked. Demurrers to the plaintiffs' pe- ons were sustained and the state ap- als.

The petitions allege that each of de- ndants keeps a place in Wyandotte ounty where usury rates of interest nging from 240 per cent to 520 per cent r annum are extorted from laboring en whose necessitous circumstances rce them to borrow small sums of oney. Defendants pretend to take as- gnments of the weekly or fortnightly ages of these borrowers under colorable les thereof. These assignments pur- rt to authorize the borrowers to act as ents of defendants to collect the as- ned wages and to bring and deliver the ne to defendants. Defendants sys- natically exact the usurious and grossly torionate rates of interest above men- ned and thereby manage to keep the rrowers indebted to them for long pe- ds of time. Defendants are enabled do this because the borrowers are em- yees of industrial corporations which leavor to avoid being dragged into rt in garnishment and similar pro- dings by promulgating and enforcing ule to the effect that any of their em- yees whose wages are twice subjected garnishment will be discharged. De- dants take constant advantage of this e, and enforce their usurious exactions threatening the borrowers with gar- hment proceedings which would cause latter to lose their jobs, and the tors are thereby constrained to sub- to whatever usurious and extortion- rates of interest defendants see fit to ose.

Plaintiff's petitions allege:

That the defendants, in carrying on ir said business, purposely select and nd to select poor and necessitous wage ners as their customers, for the pur- e of compelling such poor and neces- us wage earners to renew from pay to pay day and from month to month ir excessively usurious loans to the that such customers when once ob- ed by said defendants will for a long iod of time be compelled to continue pay the excessively exorbitant, usuri- rates of interest hereinabove de- bed.

That the number of such poor and essitous wage earners who are now tomers of said business so carried on the defendants numbers into hundreds. amounts of loans range from $5 to the average loan being about $15. t only the husbands sign said pre- led assignments.

That these wage earners are in almost y instance compelled, through fear osing their jobs as a result of possible nishment proceedings threatened or so ght by defendants, to pay and con- e to pay such usurious interest and eepatedly sign such pretended wage gnments.

That by threatening to garnish, by nishing, by threatening to serve no- of assignment, and by serving such ces of assignment, the defendants in conduct of said business, as herein ribed, greatly and seriously disturb peace of mind of the numerous poor necessitous wage earners who deal them, causing such wage earners to rn to the place of business of said defendants and there to pay and to con- tinue to pay such excessively usurous in- terest on the loans taken by them from pay to pay, and from month to month.

"That the defendants in the conduct of their business illegally and unlawfully in- terfere with the rights of their customers aforesaid in numerous instances by wrongfully garnishing them and by wrongfully serving notice of pretended assignment of wages upon the employers of such poor and necessitous wage earners, thereby jeopardizing the stand- ing of said wage earners in the eyes of their employers and in some instances causing their discharge by such manner of conducting their aforesaid business, thereby depriving said customers of their rights to peacefully follow their respec- tive lawful occupations without annoy- ance or injury thereto or deprivation thereof.

"That as hereinabove set out said de- fendants have been carrying on the loan

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business within the State of Kansas in a manner repugnant to good conscience and good morals and against public policy. That the methods of doing business employed by said defendants are in conflict with the statutes of Kansas regulating the legal rate of interest to be charged by lenders of money, the rate of interest that lenders of money may contract to charge, and the manner of the payment of interest, as set out in R. S. 41-101 to 41-103.

"That said defendants in engaging in the lending of money at extortionate, usurious and unconscionable rates of interest have not only violated all the principles of good conscience, good morals and public policy, but have engaged in business in direct violation of the provisions of the statutes of Kansas."

Plaintiff's petitions conclude with prayers for temporary and permanent injunctions restraining defendants from loaning money in small sums to laboring men at rates of interest in excess of ten per cent per annum. Plaintiff also prays for a receiver to take charge of the records and papers pertaining to the usurious loans of defendants, and that defendants' usurious loan business be wound up by making the proper credits upon the accounts of the borrowers for all usurious interest exacted and for the liquidation of all such borrowings according to law.

It is a familiar rule of pleading that as against a demurrer all the well-pleaded allegations of a petition are to be liberally construed and accredited as true. Accepting, therefore, the plaintiff's allegations at their face value, the question intrudes: Has the law no adequate preventive for such a deplorable condition of affairs? Counsel for defendants answer with a confident negative. He says there is for each of the hundreds of borrowers a plain and adequate remedy at law, and that the exaction of usurious interest is of no concern of third parties, not even of the state itself. Is that so? We have a statute which limits the contract rate of interest to 10% per annum. This statute provides that any person who contracts for a greater rate of interest than 10% per annum shall forfeit the excess; and in addition thereto shall forfeit a sum of money, to be deducted from the amount due for principal and lawful interest, equal to the amount of interest contracted for in excess of ten per cent per annum. (R. S. 41-102.)

But according to plaintiff's allegations the truth of which is conceded by the demurrers, this statute is systematically set at naught by the defendants. Between money lender and borrower, of course it is altogether ineffective until invoked in some lawsuit. And according to the plaintiff's allegations such a lawsuit will not arise once in every hundred times the usurious toll is taken from the wages of his victim. The wage earner has no time to attend court nor means to employ a lawyer to invoke the defense to the usurer's claim accorded by this statute. He must earn wages every working day to support his family. If garnishment proceedings are instituted which will bring his employer into court on matters of no concern to that employer, the unfortunate debtor is discharged. This dread consequence to the debtor can only be avoided by continued submission to defendants' usurious exactions.

It is undeniable that many an isolated oppression is practiced on a debtor by an exacting creditor for which the law furnishes no practical relief. In the situation portrayed by plaintiff, it is perfectly obvious that for the hundreds of indigent debtors held in financial peonage by defendants the remedy supplied by law is pitifully inadequate; and the ruling in Pritchett v. Mitchell, 17 Kan. 355, that the exaction of usury is a mere contractual matter of no concern to anybody but the parties themselves is imperatively in need of revision in the light of the complex social and economic conditions brought about by the industrial development in the half century since that doctrine was announced. The long continued subjection of hundreds of indigent debtors to the usurious exactions of defendants by keeping them in fear of losing their jobs if they should have the temerity to assert the rights accorded them by the beneficient statutes of this commonwealth presents a situation which cannot be tolerated, and one which quite justifies the institution of this litigation by the state itself. In the State ex rel. vs. Howat, 109 Kan. 376, 198 Pac. 686, where the right of the state to initiate litigation over matters primarily of private concern but secondarily of far-reaching consequence to the public was thoroughly discussed, an excerpt appears from the Supreme Court of Illinois worth repeating here:

"'It is one of the most useful functions of a court of equity that it may give complete and adequate relief against acts which will constitute nuisances.

"'..... The public authorities have a right to institute the suit where the general public welfare demands it, and damages to the public are not susceptible of computation. The maintenance of the public health, morals, safety and welfare is on a place above more pecuniary damage although not susceptible of measurement in money, and to say that a court of equity may not enjoin a public nuisance because property rights are not involved, would be to say that the state is unable to enforce the law or protect its citizens from public wrongs.' (Pp. 4740477.)" (Pp. 387, 388.)

The same principle was well stated in the case of In re Debs, Petitioner, 158 U. S. 564, 39 L. Ed. 1092, where it said:

"It is obvious from these decisions that while it is not the province of the government to interfere in any matter of private controversy between individuals, or to use its great powers to enforce the rights of one against another, yet whenever the wrongs complained of are such as affect the public at large, and are in respect of matters which by the constitution are entrusted to the care of the nation, and concerning which the nation owes the duty to all the citizens of securing to them their common rights, then the mere fact that the government has no pecuniary interest in the controversy is not sufficient to exclude it from the courts, or prevent it from taking measures therein to fully discharge those constitutional duties." (P. 586.)

The courts are not helpless to put a stop to such a nefarious business as that of which plaintiff complains when that business has reached the wide-spread prevalence it has attained in the principal industrial communities of the state. What in any case is the justification for equitable interference with the multifarious doings of men but the natural reaction of the judicial conscience towards some peculiar evil for which the law by reason of its universality is inadequate to correct? From the foundation of our commonwealth it has been a matter of civic pride that one of the state's primary concerns has been that the poor man shall have a fair chance to better his material condition. To that end we have made the family homestead immune to judicial process *In invitum*. The household goods of the family, the tools of the workman, and the needful agricultural chattels of the husbandman are generously exempted from execution sale. (R. S. 60-2501 et seq.) So to 90% of the current wages of a laborer who is the head of a family are protected from garnishment as prescribed in R. S. 60-3495.

In Stark v. Baro, 39 Kan. 100, 103-17 Pac. 826, it was said:

"The policy of our state is exceeding liberal in providing protection for the families of indigent debtors. Among other exemptions, it is enacted that the personal earnings of a debtor for three months next preceding the issue of any process against him for the collection of a debt and which earnings are necessary for the support of the debtor's family are exempt from such process. This provision has been frequently sustained and enforced. We have gone further and hold that where a citizen of the state attempts by a proceeding in attachment or garnishment in another state subject to the payment of his debt personal earnings of the debtor which under our laws are exempt, and thus prevent such debtor from availing himself of the benefit of the exemption laws of the state, an action by injunction restraining the wrongful action may be maintained by the debtor against such wrongdoer. (Zimmerman v. Franke, 34 Kan. 650.

And what are these pretended assignments of the borrowers' wages and the pretended appointments of the borrowers as agents of defendants to receive from the employers the borrowers' wages but an elaborate camouflage through which the wage exemption statute and the statute prohibiting usury are not at naught. What are these groundless garnishments resorted to and constantly threatened but incidents of a scheme for the circumvention of these laws which the humaness our legislature has enacted for the very purpose of protecting the indigent poor from such usurious exactions as those perpetrated by defendants.

Precedents for the particular form of redress sought by plaintiff to suppress the evil complained of are rate, but in State v. Martin, 77 N. J. L. 652, 24 L. A. n. s. 507, the New Jersey Court of Errors and Appeals went a good deal further than we are asked to go in these cases. It held that although the taking of usurious interest was not a criminal offense in New Jersey, yet interest in excess of 6% per annum being forbidden under a civil penalty, a loan office where the exaction of such usurious interest was systematically practiced was a disorderly house for the maintenance of which the usurer could be indicted and punished.

In the opinion the court said:

"The title of our statute is 'An Act against usury.' 3 Gen. Stat. 1895, page 3703. The provision of its first section is 'that no person or corporation shall

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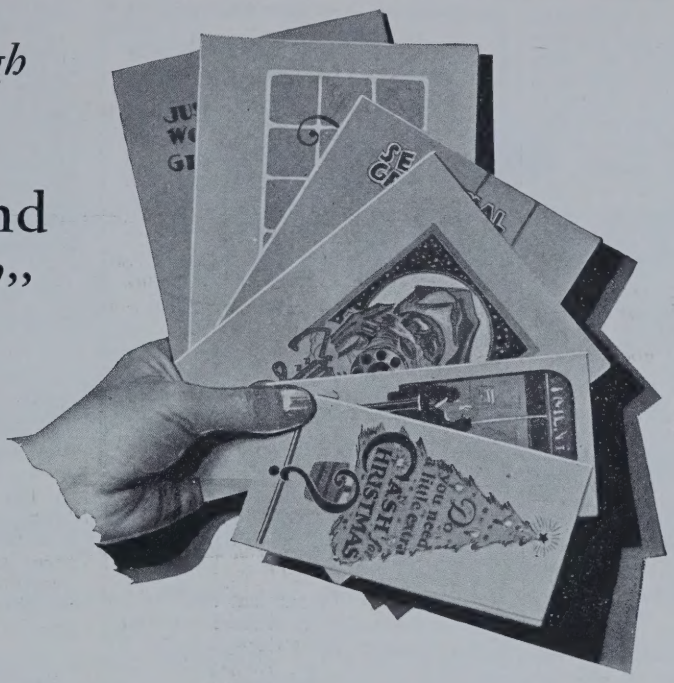

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upon contract, take directly or indirectly, for loan of any money, wares, merchandise, goods and chattels, above the value of $6 for the forbearance of $100 for a year, and after that rate for a greater or less sum or for longer or shorter time.' The object disclosed in the title of the act is the prevention of usury; the method by which the legislature provides for the carrying of that object into effect is by enacting an express prohibition against taking it. Counsel argues that a violation of this mandate of the statute by a person loaning money does not constitute an unlawful act, first, for the reason that the statute imposes no penalty upon him for so doing.....

"The statement that the statute does not impose any penalty upon a person who takes usury is not accurate; for the second section of the act deprives him of the power to enforce the payment of any interest on his loan, and entitles the borrower to have the amount of the usury deducted from the principal of the loan in case usury has been paid..... The fact that the statute imposes no penalty, except the deprivation of the money which the statute prohibits the lender from taking, affords no ground for holding that the taking of usury is not unlawful." (Pp. 633-4.)

The Kansas statute, (R. S. 41-101 et seq.) was enacted under a title: "An act regulating the rate of interest upon money, *prohibiting usury, and providing penalties therefor;*" etc. The specific penalties provided for the breach of our statute reads:

"That any person so contracting for a greater rate of interest than ten per cent per annum shall forfeit all interest so contracted for in excess of such ten per cent; and in addition thereto shall forfeit a sum of money, to be deducted from the amount due for principal and lawful interest, equal to the amount of interest contracted for in excess of ten per cent per annum." (Laws 1889, ch. 164, 2, R. S. 41-102.)

"All payments of money or property made by way of usurious interest or of inducement to contract for more than ten per cent per annum, whether made in advance or not, shall be deemed and taken to be payments made on account of the principal and ten per cent interest per annum, and the courts shall render judgment for no greater sum than the balance found due after deducting the payments of money or property made as aforesaid; provided, that no *bona fide* indorsee of negotiable paper purchased before due shall be affected by any usury exacted by any former holder of such paper, unless he shall have actual notice of the usury previous to his purchase. But double the amount of such excess, incorporated into negotiable paper, may, in such cases, after payment, be recovered back by action against the party originally exacting the usury, in any court of competent jurisdiction." (Laws 1889, ch. *3, R. S. 41-103.)

It will thus be seen that the exaction of usurious interest had been denounced as unlawful and penalized by our legislature although it is not one of the specific offenses enumerated in our Crimes Act. It is not only illegal but it is a grievous anti-social iniquity. (Marshall v. Beeler, 104 Kan. 32, 178, Pac. 245) and when its practice assumes the proportions and prevalance alleged by the plaintiff a court of equity should not hesitate to suppress it.

We note that the eminent court of appeals in Kentucky, in Commonwealth v. Mutual Loan & Trust Company, 156 Ky. 299, 50 L. R. A., ns. 1171, found itself unable to follow the precedent of the New Jersey Court of Errors and Appeals quoted above, but it distinguished the case it had to consider from the New Jersey case thus:

"Sections 2218 and 2219 of the Kentucky Statutes provide that 6 per cent shall be the legal rate of interest in this state, and that all conracts for loans at a greater rate shall be void to the extent of the excess over the legal rate; but there is no statute in this state prescribing a penalty for exacting or contracting for a usurious rate of interest. It certainly cannot be contrary to law, in the ordinary sense, to do a thing for which the law prescribes no penalty.....

"Under our statute it is therefore not contrary to law, in the sense that a penalty is prescribed for its infraction, to maintain a place where money is habitually loaned at usurious rates, but is contrary to law only in the sense that such contracts are unenforceable to the extent of the usury contracted for. Our statute is directed only to the preservation of the rights of individuals by providing that such contracts shall be unenforceable, while the New Jersey statute in addition provides a punishment by way of forfeiture of all interest."

The logic of the Kentucky case clearly puts this state in line with New Jersey. The Kansas statute does prohibit usury and does prescribe penalties (civil penalties enuring to the debtor), and the practice of usury being unlawful in this state, upon sufficient aggravation it may be suppressed by injunction.

The judgment of the district court is reversed and the course remanded for further proceedings.

WHAT'S YOUR OPINION OF DR. RYAN'S BOOK, "USURY AND USURY LAWS"?

WILLIAM HEUER, *President, Union Savings Bank & Trust Co., Davenport, Iowa*

For the banker, every word of Mr. Ryan's book is worthy of careful reading.

Let the Secretary, G. W. Kehr, Box 778, Harrisburg, Pa., know what you think about it.

PENNSYLVANIA

The fifteenth annual convention and banquet of the P. I. L. A. will be held at the Bellevue-Stratford Hotel, Philadelphia, Pa., Wednesday, November 13th.

An interesting program has been arranged for the business meeting as well as for the luncheon and banquet which will take place in the evening. Prominent speakers, including A. H. McDannald, Editor-in-chief of the Encyclopedia Americana, who will talk on "Some Observations on the Small Loan Business" have consented to address the meeting.

The luncheon speaker will be Leonard Ormerod, Assistant Vice-President and General Manager of the Bell Telephone Company who will talk on "Transoceanic Telephone Communication."

The humorous speaker for the banquet in the evening will be Count Ernesto Russo, diplomat of Milan, Italy, who will talk on "America as I see It."

A full account of the meeting will be published in our December issue.

RHODE ISLAND

The regular quarterly meeting of the Rhode Island Industrial Lenders Association was held on Thursday July 18, 1929 at 1:00 P. M., Narragansett Hotel Providence, R. I.

The meeting was promptly called to order by Chairman Pomfret, immediately after the luncheon.

Roll was called by Secretary and all members responded.

REPORT OF OFFICERS

Secretary reported the receipt of one application for membership and that had been given to the Membership Committee for action.

STANDING COMMITTEES

Auditing and Finance

D. W. McGray, chairman, stated books of Association had been audited as of April 18, 1929 and turned over to Treasurer Findlay.

Law and Legislation

Chairman Wood reported progress.

Banquet Committee

Chairman reported progress.

Luncheon Committee

Reported as to advisability of continuing to have luncheon served preceding regular meetings and after a discussion report was laid on table.

Special Fund

A small appropriation was made for the use of the Law and Legislation Committee.

Amendments

Harry G. Neal read and proposed the following amendment to article three, section one of Constitution. Insert, after word licensed, appearing in line two:

"For the purpose of making loans not to exceed $300.00 on chattle mortgages assignments of wages and unsecured notes."

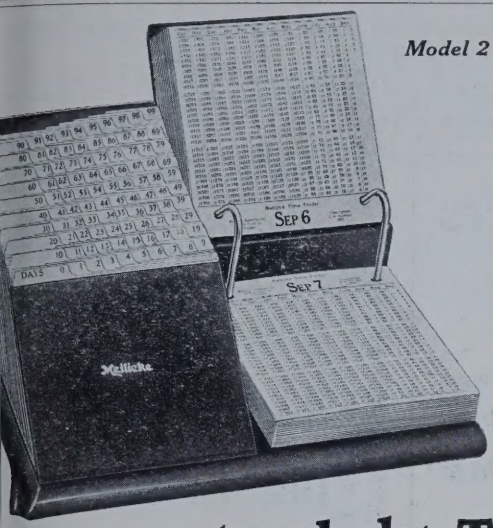
This insertion being placed after word licensed no other charges are made and balance of reading matter in the above mentioned section remains intact.

The application for membership of the New England Equity Corp., of Westerly was approved. They were duly elected.

Another application for membership was not approved for the reason that they were ineligible.

W. G. Wood was appointed Alternate by J. G. Findlay, delegate, to meeting of American Industrial Lenders Association. This appointment was made by letter.

E. LAGUEUX, *Sec.*



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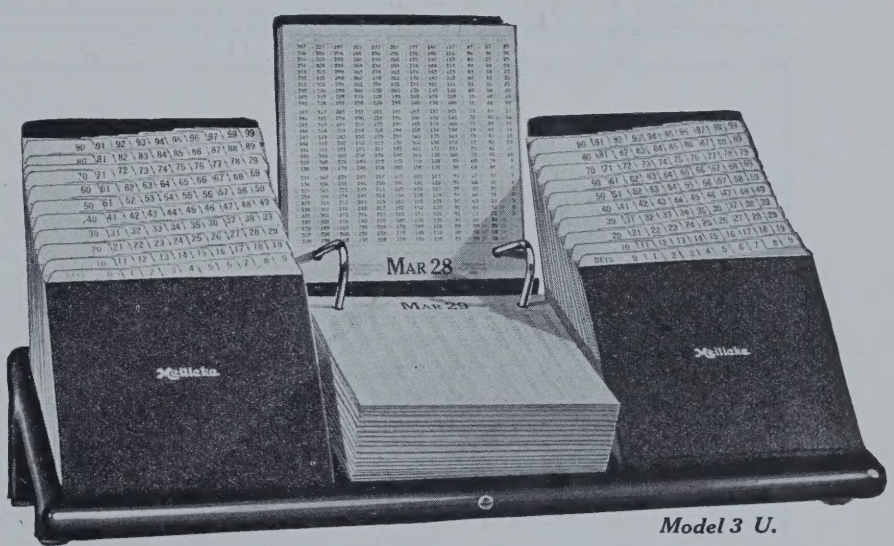

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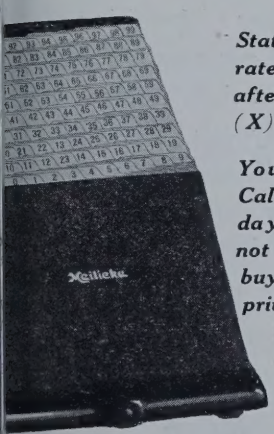

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MEETING SCHEDULE

MARYLAND — Baltimore, November 12.
PENNSYLVANIA — Philadelphia, November 13.
INDIANA—Evansville, November 20.
TENNESSEE — Knoxville, December 5.
NEW JERSEY — Newark, December 5.
MARYLAND — Baltimore, December 10.
FLORIDA—Tampa, December 11.
RHODE ISLAND—Providence, January 16.
CONNECTICUT—New Haven, January 18.
OHIO—Columbus, January 22.
GEORGIA—Atlanta, January 24.
MASSACHUSETTS — Boston, January 25.
ILLINOIS—Chicago, January 30.
MICHIGAN—Ann Arbor, April 17.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

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Harrisburg, Pa.

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INDUSTRIAL LENDERS NEWS

ficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

XIV, No. 6. DECEMBER, 1929 Price, $1.00 a year; Single copies, 10 cents.

The Small-Loan Business

24 States Have Passed the Uniform Small-Loan Act or One Like It

By Dwight L. Hoopingarner

Reprinted from Commerce and Finance, 95 Broad St., N. Y. C. November 13, 1929

e half billion dollars of credit in amounts ranging from $10 to $300 ing extended annually by licensed rs operating under the Uniform l-Loan Law as sponsored by the ell Sage Foundation, or similar laws. is fact is very significant when it is in mind that the legalized "small- business" thus conducted is not a nt business and it does not lend on ker's notes or on bankable collateral, hat the maximum loan under the is only $300, and that the actual ge loan for over 300,000 typical cases y $130. This credit is usually ex- d on joint signature of husband and and without other security except ttel mortgage on the "old family " or similar household effects. So their inherent value as security on oan is concerned, these would in cases be hardly worth the routine f foreclosure proceedings. But the igation incident to placing this chat- ortgage furnishes an opportunity e credit institution to get acquainted the home surroundings of the ap- t and thereby assist in judging the cter of the risk and be of sympa- help and guidance to the borrower, s the bank that extends credit to a ss offers its suggestions on the fi- l set-up of the business.

peculiar credit function that the -loan business" as conducted under niform Small-Loan Law performs community is most fully understood when compared with other types of ner credit agencies. What is known "personal loan business" is proba- miliar to many readers; a number mmercial and savings banks during st year or two have engaged in it. though these regular banking insti- s render a very useful purpose in ield of credit risk, which includes o-makers' feature and which has um loan amounts many times larg- d in fact an average individual loan e much greater according to pub- reports than the $300 maximum ized under the Uniform Small-Loan they do not serve the same purposes served by the small-loan business. ise, the regular discount companies nd on co-makers' notes or on recog- nized collateral as well as the building and loan institutions and also credit unions, each of which engage in still a different type of credit business that in turn demands its own peculiar require- ments, are all different from the small- loan business, although the purposes they serve are most commendable. The pawn- broker, of course, who makes loans on personal effects of known market value, is engaged in still another type of activity and serves a purpose and employs a type of security neither of which are in any sense comparable to those of the small- loan business.

That the semi-philanthropic and chari- table loan societies, as commendable as they are for the need they serve and the persons they reach, do not meet the vast credit requirements of persons of moder- ate means is found in the fact that the twenty-seven leading "remedial loan so- cieties" for the fiscal year 1927-28, as reported by the National Federation of the Remedial Loan Associations, loaned for the fiscal year only $59,334,396 with an average loan balance (average amount of loans outstanding at the end of each month during the year) of $32,109,292. Of this total over $50,000,000 was loaned on pledges only, and about $9,000,000 on chattels. Compared with the half billion dollars being loaned annually by all legalized small-loan companies it is read- ily seen that these commendable charitable loan societies only supply a small per- centage of the need, and the character of their loans shows that they serve a dif- ferent purpose.

The small-loan phase of consumer credit is also sometimes confused with instalment buying as such. These two forms of credit are absolutely distinct. The legalized small loan business is the only financial mechanism that enables the individual or family or small-business man, acting upon his own resources and based upon his own character, to retain his financial independence as well as free- dom of choice in balancing the personal or family budget, whether the balancing of this budget involves consolidating pre- viously existing debts or reconstructing his family or personal affairs on a more affirmative and progressive basis. When considered with the fact that under the provisions of the Uniform Small-Loan Law the borrower can pay back the loan whenever he wishes on any date with interest to the date of payment, the peculiar service afforded by this business becomes all the more apparent.

It cannot be over emphasized, there- fore, that the small-loan business as de- fined above is a distinct business and must be differentiated from other types of consumer credit. The present discussion of the small-loan business assumes a proper differentiation among these various legitimate types of consumer credit with- out prejudice towards them in their re- spective fields.

According to the latest available figures a total of 2,636 licensed companies in the United States are engaged in the business of extending the half-billion dollars of credit annually in small loans under the Uniform Small-Loan Law or similar laws and under the supervision of the State Banking Departments as provided under the law. Fourteen of these companies have ten or more offices each in one or more states having the Uniform Small- Loan Law, which indicates the wide ramifications of the business.

The essence of the Uniform Small- Loan Law from the economic standpoint is that it recognizes that the vast majority of the nation's population—the 86 per cent representing nearly 100,000,000 people unable to meet the usual banking require- ments for credit—are people of character though of modest means and merit loans in small amounts for useful purposes, and the law therefore provides definite rates of charge and adequate safeguards for the legal conduct of the business, all under state supervision. The judicious extension of credit to these people is one of the chief pillars of the credit structure of the nation itself, for it is the active purchasing power that is translated into the daily purchase of goods and services that stimulates trade and commerce and contributes to the prosperity of the na- tion.

Twenty-four states of the country now have the Uniform Small-Loan Law or a law similar thereto, as follows: Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maine, Mary-

(Continued on page 4.)

INDUSTRIAL LENDERS NEWS

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New Orleans, La., Frank B. Smith, Secre New Orleans Industrial Lenders Excha 611 Pere Marquette Bldg.
Painesville, Ohio, Northeastern Ohio Le Assn., A. V. Hillyer, Mgr., 15 Spring Ashtabula, Ohio.
Philadelphia Industrial Lenders Exch Bureau, W. S. Wright, Secretary, 3 16th St.
Phoenix, Arizona, Phoenix Industrial Le Exchange, c/o Merchants and Manufactu Association, D. M. Gillan, Secretary.
Pittsburgh Industrial Lenders Association H. Thale, Secretary, 2418 Grant Bldg.
Pontiac, Mich., Lenders Exchange, c/o tiac Credit Bureau, Operator No. 10, Pe State Bank Bldg.
Providence Industrial Lenders Exch Bureau, J. G. Findlay, Secretary, 502 Colony Bldg., 58 Weybosset St.
Reading Lenders Exchange Bureau, Campshield, in charge, Chamber of merce, American Casualty Bldg., 6th Washington Sts.
St. Louis, Missouri, Lenders Exchange Bu Mr. C. E. Clift, c/o General Loan Co., Brown Building.
Toledo, Ohio, The Toledo Industrial Le Association, William Fox, Secretary-T urer, c/o Madison Finance Co., Spitzer
Trenton, N. J., The Trenton Lenders change, c/o J. Milton Embley, Secre Forst-Richey Bldg.
Wilkes-Barre, Pa., Lenders Exchange Bu c/o Credit Bureau, Wilkes-Barre Chamb Commerce, Miners Bank Bldg., H. Adolph, Associate Secretary.

The new secretary is anxious to complet above list of exchange bureaus for the go all members and he will appreciate it i person in charge of any missing exc bureaus will please notify him before Ja 1, 1930, so that a complete list may be lished in the January issue of the NEWS

YEAR BOOK

The retiring Secretary's office is ning to mail all members of the A L. A. in good standing, a copy of 1929 Year Book by the end of this m

The book will contain the names addresses of the National Officers, B of Directors, and the Executive Com tee, as well as the names of the off of the state associations, together the complete proceedings of the fift annual convention, held in Philadel September 18, 19, and 20. Supplemen this information will be four append including the A. I. L. A. Code of Et Constitution and By-Laws, a copy o revised draft of the Uniform Small Law, a list giving citations of all small loan laws amended to date, a d of small loan laws, and a review of Ryan's book, "Usury and Usury La

As has been our custom in the public libraries, public welfare orga tions, and public spirited citizens wi sent complimentary copies of the Others desiring copies should remit dollar per copy to the new Secret office, Mr. Edgar F. Fowler, 712 T Building, Washington, D. C.

NOTICE

On and after January 1, 1930, all respondence intended for the nat secretary's office should be addresse Edgar F. Fowler, Tower Building, W ington, D. C.

EW A. I. L. A. SECRETARY

r. Edgar F. Fowler, who has joined staff of the American Industrial lers Association and who, after Janu- 1, 1930, will serve as its Secretary, gs to that organization a fund of rience gathered from a career of spread activities and interesting vements.

r. Fowler's education began in Ken- , his native state, where he obtained L.B degree from Transylvania Uni- ty, at Lexington, in 1910. In 1912 rned the degree of Bachelor of Arts ie Lincoln Memorial University, at ogate, Tennessee. At Columbia Uni- ty he did graduate work in sociology economics, and in 1926 he became or of Civil Law at National Uni- ty, Washington, D. C.

. Fowler entered upon his profes- as educator, in 1910, at the age of hen he acted as Dean of Men and t political science and government ncoln Memorial University. He di- d athletics at this institution, con- ng his interest in football and all in which he had made enviable ds while in college. In 1916 he be- the head of the Department of cal Science, in which position he ined until 1919. In that year he ed the War Department as an edu- al specialist. As Assistant Director ie Experimental School at Camp he participated in the work of ng teachers for the proposed "Uni- y in Khaki," but with the change ministration Mr. Fowler was trans- l to Washington where he assisted development of courses in citizen- for Citizens' Military Training s.

1925 Mr. Fowler was appointed of the Education Service Bureau United States Chamber of Com- , which position he has held until esent appointment.

Fowler's activities have not been ed entirely to the field of education. ome years his full time was devoted practice of law and he is still a er of the bar both of Kentucky and District of Columbia. In addition experiences in education and law, owler was for a time District Man- of the Ætna Life Insurance Com- He is a member of the National tion Association, the American As- on of Adult Education, the Wash- Board of Trade, the Torch Club of ington, and other organizations.

Fowler comes to the American In- l Lenders Association well equipped ume his new duties and to make le contributions to the development t organization. The esteem in which held by his late associates is well ed by this letter addressed to the tive Vice-President of A. I. L. A. Assistant Manager of the Trade ation Department of the Chamber nmerce of the United States:

Mr. Persons:

y I personally congratulate you e American Industrial Lenders As- on on the appointment of Mr. F. Fowler as Secretary of your ation.

my position as Assistant Manager Trade Association Department, it en my privilege and pleasure to

EDGAR F. FOWLER

discuss a number of trade association subjects with Mr. Fowler as Assistant in charge of education in our Civic Development Department. I am sure that the members of the Association will find him honest, conscientious and with sincere appreciation of the opportunities of promoting the interests of the group through the coöperation of the individual members.

"The Trade Association Department of the National Chamber will be glad to confer with you and Mr. Fowler any time upon any phases of your Association program. As you know, the Chamber is desirous of promoting the sound development of trade associations and coöperating with such organizations in the elimination of trade abuses.

"May I extend our best wishes to you and Mr. Fowler in your new positions with the American Industrial Lenders Association.

"Sincerely yours,
"(Signed) PHILIP GOTT."

We welcome Mr. Fowler to our organization, assured of his interest, capacity, and loyalty to our cause.

WE HONOR GEORGE W. KEHR

The long and distinguished service rendered to American Industrial Lenders Association by George W. Kehr is about to cease. He has so decided. We must regretfully accept his resignation as Secretary, which he has presented to become effective on December 31, 1929.

It is well known to members of our Association that Mr. Kehr announced, more than a year ago, his intention to retire from the duties of this office. He was, however, like the good soldier that he has always been, ready to stick to his post until the new organization could be fully launched, and the work of the current year completed. He will finish all of the enterprises which he has managed so successfully.

George Kehr has served us well, and without thought of self. He has shown every consideration for the plans of newly elected officers, and has labored enthusiastically to promote their convenience and success. This is acknowledged by the Executive Vice-President who, in a recent letter, says: "May I add to the universal and well deserved appreciation of George W. Kehr this expression of grateful recognition of his fine and help-

Merry Christmas

The Industrial Lenders Technical Institute extends to everyone in the industrial loan field its heartiest best wishes for a very Merry Christmas and the Happiest of New Years.

The Institute has grown rapidly during the past year and added many hundreds of new students to its roster. Our Staff wishes to express its appreciation to all our students for the fine way in which you have coöperated with us during this past year and the regularity with which you have mailed your answers. We have been proud of the chance to serve you and have set our aims in the way of helpful services even higher and farther for the year 1930.

Happy New Year

ful attitude to a newcomer. He has shown me every courtesy and has placed fully at my disposal every resource of his office and the kindly help of his wisdom and experience."

We honor George W. Kehr for his services and for his high personal character. This is the earnest thought of all who have worked with him, these many years.

A. P. SNITE, *President,*

American Industrial Lenders Association.

SMALL LOANS ARE ASSUMING DIGNITY OF BIG BUSINESS

BY SCRUTATOR

The making of small loans on collateral or on promissory paper that would in many cases not be recognized by commercial banks is big business in the United States, although it does not amount in volume to anything like the installment credit activities.

An estimate from a reliable source puts the amount of such lending, with the upper limit of the individual loan at $300, as high as a half billion a year, with $275,000,000 or more of loan company funds constantly out. The amount of installment credit outstanding is variously figured at four to five billions.

In the loan shark days it was found that honest people who found themselves in circumstances that required ready money often had to pay interest rates that were equivalent to 100 per cent or more. The conditions aroused public sentiment and the Russell Sage Foundation made an exhaustive survey that resulted in a recommendation that laws be passed permitting small loans to be made at a rate of 3½ per cent a month, or 42 per cent a year.

PASS LEGISLATION

Twenty-six states have passed legislation based on this recommendation, and although 42 per cent seems an enormous toll, still it was so much better than what had been in the past that social and welfare groups regarded the new legal status of the business as a fine accomplishment.

For one thing, it legalized the charging of a rate of interest that made the lending profitable, whereas the loan shark was a violator of the usury laws and kept himself and his doings as far in the dark as possible. Now corporations making the little loan are so respectable that one or two of them have their securities listed on leading stock exchanges.

It is rather obvious that the small consumptive loan cannot be made at a rate that compares with that charged by a commercial bank. To begin with, the bank must pay dividends only on its capital stock and gets a large part of its loaning funds from depositors. The small loan maker, generally speaking, has only his capital to lend. All the expenses, plus the losses on bad debts, must be added into the interest charged on the actual lending capital.

CUTS LEGAL RATE

It was often difficult to make legislators see that they should authorize such a high rate as 42 per cent. This legal rate may, in fact, be higher than is necessary now. One of the largest companies in the field has pointed with pride to its record of cutting the rate to 2½ per cent a month and claims that by doing so it has increased its lendings from thirteen millions to thirty millions. And it asserts further that only one-half of one per cent of its lendings constitutes the total loss.

Savings in the United States are large. Perhaps ten billion dollars a year is available for investment. But despite the wide distribution of prosperity, it has been shown by statisticians that less than one-fourth of the people with incomes of any kind have incomes of more than $2,000 a year. Many of these find their incomes allow no appreciable margins for saving.

Emergencies arise that require ready money. A death means funeral costs. A birth means doctor and hospital bills, unless the family prefers to take advantage of charity or free services by counties and municipalities. The independent wage earner prefers to pay his way. It is rather significant that the loan companies make few loans to single men or to older couples whose children have reached an earning stage.

RECOGNIZED NECESSITY

For the family man of moderate means to have a source where he can get funds in emergencies is recognized as an economic necessity. Hence the special legal recognition of the small loan business.

It is a tribute to the integrity of the American wage earner that he can, even at 30 per cent, obtain a loan on nothing more substantial than his agreement to pay. The loan companies, or some of them, at least, insist that their decision to lend depends on what the applicant's home looks like. If that is all right, they may go so far as to make the loan even if he is out of work.

There are a variety of reasons given in requests for small loans. Chief among them is debt already contracted and overdue. Unemployment, illness, and death still require money. No way has yet been found to furnish funds for such purposes at commercial banking rates and the small loan business, even charging from 19 to 42 per cent, performs a needed service.—*Chicago Tribune,* 11-7-29.

MORE BANK CAPITAL

Morris Plan Institutions Issue Additional Shares in New England

Meeting the demands of a consistent growth in operations, two New England Morris Plan banks announce an increase in capitalization.

The Bridgeport Morris Plan bank increased its capital stock from 2,000 to 3,000 shares, the additional shares having a par value of $100. Simultaneously the Bridgeport bank announced the acquisition of the Consumer-Credit department of the City National Bank and Trust Company.

The Morris Plan Bank of Hartford has increased its capital stock by 500 shares of $100 par value and added four new directors to the board. The Hartford bank reports lending over $1,600,000 to 6,000 borrowers during the past twelve months. The present increase in capital stock will result in a capital of $200,000 and a surplus and undivided profit account as of September 30 of $142,000, officers of the bank stated.

THE SMALL-LOAN BUSINES

(Continued from page 1.)

land, Massachusetts, Michigan, Misso New Hampshire, New Jersey, O Oregon, Pennsylvania, Rhode Isla Tennessee, Utah, Virginia, West Virgi and Wisconsin. New York State ha type of law in some respects similar in other respects quite different.

Many millions of dollars, of course, borrowed annually by the American p lic in small amounts in a manner t does not conform to the requirements the legalized small-loan business or ot legitimate forms of consumer credit; fact, it has been estimated that fro billion to a billion and a half dollars annually loaned in small amounts to American public outside the law. purpose of the Uniform Small-Loan is to avoid just such "bootleg" or "jer lending as this, in which the cost to borrower—as is well known—unfo nately runs from 120 to 1,000 per ce year, depending on just what the tra will bear in each case.

One great source of economic savin the public through the legalized sm loan companies is found in the preven of these excessive and usurious rates interest that prevail where adequate missive laws do not exist. Early in 1 for example, the Attorney General New York State declared that $25,0 000 a year in usurious interest in s loans was being exacted from the pe of New York State. In that state suc low rate return is permitted by law to legalized small-loan companies that 16 licensees availed themselves of right to do business under the law only $887,000 employed in the busi whereas during the same year in Jersey, where a higher rate as advoc by the Russell Sage Foundation exis there were 420 licensees employing $ 000,000 of capital in the business.

As industrial conditions are compar between the two states this compariso figures is quite significant.

As an illustration of the more structive type of savings occurring having available regularly established legalized sources of small loans with determined and known costs, a case be cited whereby a loan of less than $ the small balance of cash necessary the transaction, enabled a young hus and wife to make an investment of $1 in gilt-edge securities, thus starting on the road to savings. If the stimulu savings through investment in gilt-e securities is justified, then this loan se a most useful purpose. Likewise, ability of the small business man mechanic to procure credit for produc purposes such as credit for the purc of new and proper tools that will en him immediately to become a produ agency in society is most important.

It is a conservative estimate through the prevention of usurious r of interest and promotion of savings increase of productive ability at lea half billion dollars is saved annuall people of moderate means in this cou through the legalized "small-loan b ness" operating under the Uniform Sm Loan Law.

The scientific manner in which the administration of the legalized "sm loan business" has developed is witne by the small net losses incurred in

duct of the business by the responsible
npanies, although to keep the losses
necessarily entails a costly collection
cedure. For example, one of the
gest companies engaged in the business
shown a net loss of only a few per
t although in order to keep the net
es down to this point a most thorough
painstaking handling of each indi-
ual loan is required from the time of
lication by the borrower through the
ire process of actually putting a loan
the books and handling and supervis-
it until it is all paid off, as demon-
ated by a detailed analysis of over
,000 individual loan transactions show-
an average cost of $1.70 per month
lusive of cost of capital, taxes, re-
ves, depreciation, business development,
Multiplying this $1.70 x 12 for a
ical loan extending over a twelve
nths' period the cost of a typical loan
nsaction exclusive of the factors such
cost of capital, taxes, etc., as noted
ve, is $20.04. This combined relation-
o of the cost of the complete loan
nsaction as just described and the
atively small loss suffered is an ex-
dingly great compliment to the in-
ent honesty of the vast majority of
ple as well as to the care and good
gment exercised by the reputable loan
npanies in making loans, especially
en it is considered in connection with
further fact that some of the larger
npanies have a definite policy against
eclosure except in the most extreme
es of attempted fraud by the bor-
ver against the companies themselves.
study of 177,000 completed individual
n transactions made by the largest
npany in the field, which lends over
,000,000 annually, showed only 24 fore-
sures, and even this small ratio has
n greatly reduced since 1927, the year
which this study was made, through
further development of the definite
cy of this company against fore-
sures.

The making of small loans does not en-
overloading or over-borrowing by
sons of average means, when the legiti-
e loan companies are dealt with, any
re than in any other legitimate field of
dit or retail trade. On the other hand
urnishes a regular established mecha-
n of credit, with definitely prede-
mined and known costs, that enables
86 per cent of the population of the
ion who earn $2,000 or less yearly to
e voice to their purchasing power for
thy purposes when found desirable.

Looking toward the future of this type
consumer credit, the great problem is
one of justification, but so to safe-
rd it through proper legislation and
-regulation by the industry itself as
prevent the enormous "bootleg" loan
iness that now prevails where there
no proper permissive laws for the
duct of a legalized small-loan business
where the rate of return to the legal-
l companies engaged in the making of
se small loans is so low that capital
l not stay in the business or will serve
y the larger sized loans with easily
ermined types of risk, and the public
t borrows in small amounts will be
ven to seek "loan shark" loans, that is,
ns outside the confines of the law.

Any isolated cases of unduly restrictive
islation taken without complete knowl-
e of the facts will undoubtedly remedy
mselves when the legislators in these states awaken to the full appreciation of the stimulus that the many millions of dollars of capital that flow through the channels of the legalized small-loan business give to trade and commerce within their borders as well as the essential credit service it directly renders to a vast majority of their population.

LOAN COMPANY SAFE IN SLUMP

Household Finance Corp. Affected Neither Way by Recession, President Asserts

Business of Household Finance Corp. is not likely to be influenced in either direction by the decline in stock prices, said L. C. Harbison, president.

"We know from 50 years' experience on the part of this company, and I know from 30 years' experience in it, that the stock market crash will neither increase the number of small loans nor cause them to decrease," said Mr. Harbison. "Eighty-five per cent of the people will not be visibly affected in any way.

"Throughout our entire history we have gone through financial crises and industrial depressions with no substantial effect upon our business," Mr. Harbison said. "Perhaps as much as 15% of the population is affected by stock prices. Many of these people will have to abandon luxurious modes of living and readjust their living expenses. But there will be practically no readjustment among the rest.

Delinquencies Less

"In fact, we had slightly fewer delinquents last month, after the crash started, than in any other month this year.

"Our customers come from the people of the United States who have no bank credit and do not speculate. I say this with full knowledge of the facts. With 116 branch offices in the 12 chief industrial states, we have our fingers on the pulse of conditions affecting the working man of the nation in nearly every principal industrial center from 30,000 up.

"Financial requirements and the daily habits and mode of living of the great mass of the American people will go on undisturbed by the declining stock prices. Their credit is unimpaired and their earning powers unchanged.

"We are lending money at the rate of $5,000,000 a month and have on our books 235,000 active accounts representing every fundamental industry. We know that these people will continue to work just as they always have," Mr. Harbison said.

Loans Total $30,000,000

Household Finance Corp. is the largest small loan company in the United States, and is the only one of its kind listed on the New York Stock Exchange. Loans are made at approximately one-third less than the legal maximum permitted under the uniform small loan act.

One year ago, before it voluntarily reduced its interest rate, it had 114,000 active accounts on its books and about $13,000,000 out in loans of $300 or less. Today it has 235,000 accounts and more than $30,000,000 out in loans.

Household Finance and subsidiaries for the nine months ended September 30, 1929, showed consolidated net income of $2,371,392 after all expenses and taxes, equal to $3.54 a share on the 180,000 shares of participating preference stock and to $3.59 a share on the combined 77,655 shares of class A common and 402,298 shares of class B common stock. These earnings were in excess of those for all 1928, when net income after all charges amounted to $2,309,406.

Earnings Compared

Following table compares earnings for the first nine months of 1928 and 1929:

	1929	1928
Gross operating income	$6,222,020	$3,486,780
Operating expenses	3,156,868	1,435,046
Net operating income	3,065,152	2,033,733
Other income	38,311	13,623
Total income	3,103,463	2,047,357
Income charges	392,700	82,225
Federal taxes	339,371	241,624
Net income	2,371,392	1,723,508

"The small loan business, unlike many other lines of industry, has very small seasonal fluctuations," Mr. Harbison said, "and is very little affected in profits or losses by periodical expansions or contractions in business of the nation."—*The Wall Street Journal*, 11-21-29.

ANNOUNCEMENT

In order to facilitate our service to Eastern offices, we are pleased to announce that we have appointed

Mr. Charles A. Crownover

as our special
Eastern Representative,
with headquarters at
516 Packard Bldg.
111 South Fifteenth Street
Philadelphia, Pa.

Mr. Crownover has been actively engaged in the Industrial Loan business for the past four years. His experience particularly fits him to be of service to industrial lenders.

A complete supply of all stock forms will be carried in Philadelphia.

The William I. Marsh Company

229 W. Illinois Street
CHICAGO

Organized for the sole purpose of outfitting offices with standard Forms, Time and Interest Calculators and business producing Advertising.

PERSONAL

Many of our members will be interested and surprised to know that William Zumpfe, who has achieved notable success in the Personal Banking Business, was, in his earlier days a musician of note.

According to the *Indianapolis News* for Friday, November 15, 1929, the eighth of a series of articles on Early Musicians of Indianapolis written for the *News* by Verna Palmer Sterling, Mr. Zumpfe was the leader of the old Lyra Society which enlivened musical life of Indianapolis in the eighties with concerts and operas.

Accompanying Miss Sterling's interesting account is a photograph in which Mr. Zumpfe is seated in the group of musicians holding a violin, which was probably taken at the time this organization was doing things in Indianapolis in a musical way.

John H. Aufderheide, another of our pioneer Personal Bankers who was originally associated with Mr. Zumpfe, and who has also made a notable success in his business career, was a member of this musical organization, and is seated next to Mr. Aufderheide in the photograph, holding a viola.

The article goes on to say, "A number of members of the Lyra Orchestra played under the direction of William Zumpfe at many musical and theatrical entertainments and at social affairs. They gave concerts every night of the big chrysanthemum shows, which were featured a number of years at Tomlinson Hall, and for the Flower Mission fairs, which were among the important society events of the day."

Dr. Charles G. Mueller, chairman of the board of directors of the Community Finance Service and a member of the A. I. L. A. board of directors has recently been elected a trustee of Temple University, Philadelphia.

COMMUNICATIONS

November 25, 1929.

Dear Mr. Kehr:

The Federal Coöperative Finance Corporation which has been formed as a holding company to acquire small loan companies wishes to announce the acquisition of the New Jersey Coöperative Finance Corporation with offices at 14 Journal Square, Jersey City, New Jersey; the Rhode Island Coöperative Finance Corporation with offices at 77 Washington Street, Providence, Rhode Island and the Pennsylvania Finance Service Corporation with offices at Broad and Chestnut Streets, in the Real Estate Trust Building, Philadelphia, Pennsylvania.

This information may be of interest to the readers of the INDUSTRIAL LENDERS NEWS.

Very truly yours,

M. J. LAUER,

Federal Coöperative Finance Corp.

HOW I SCHEDULE MY NEWSPAPER ADVERTISING

FRED CARROLL, JR., *Niles, Mich.*

To schedule our newspaper advertising we first bear in mind the motive for using this medium of advertising—to get prospective customers in the office. Since it is generally accepted that the local newspaper is just as good a means of reaching as many people at one time as any other medium of advertising, we use it to interest the prospective borrowers and then to educate them to the ease of borrowing and ease of repaying under two distinct plans:

THE TWENTY PAYMENT PLAN AND THE HOME FINANCE PLAN

Under both of these we like to stress the borrower's privilege of optional payments.

Variety and regularity in newspaper advertising we believe accomplishes maximum results. In our own local newspaper we are privileged to use display advertising on the classified page. Our display ad is always found in the last column on the right hand side of the classified page. An ad is run daily except Saturday and Sunday. We generally change the ad daily and at no time is the same ad run more than twice during the same week. This is done with the view of keeping readers interested in reading our ads because each day they see something different and it does not bore them because of its regular and frequent sameness.

We make it a practice to get our mats of the preceding week each Monday A. M. when we take the mats for ads for the coming week. Our newspaper ads are laid out for each month and in this way we can keep our newspaper advertising expense nearly uniform, by using approximately the same number of inches each month.

During the time that out of town competitors distribute dodgers and solicit business in our territory we always endeavor to do more newspaper advertising and use larger ads so that if this foreign competitor's advertising should stimulate some interest in a prospective borrower they will then note in their own local newspaper that it is not necessary for them to go out of town to obtain the same service at home and be more convenient. When our local competitor starts advertising, we immediately stress our newspaper advertising again with larger ads and we have been told by this competitor that he cannot stand the pace and quits.

Linking our house-to-house dodgers with our newspaper ads helps both we believe, and so in scheduling our newspaper ads we strive to match as well as possible the story of the ads we run in the newspaper with the story in the dodger which is being distributed at the same time. Reading the story on the mats over and over again in order to be sure that the thought along with the story in the dodger is nearly identical insures maximum results we believe.

Circumstances in our community also alter our newspaper advertising schedule during the year. Before taxpaying time we run a tax ad once or twice a week, two or three weeks previous to the time of paying taxes. The same policy is followed in regard to the opening of school and other current events of the year.

To insure against repetition of ads we always keep the old mats separate from the new ones and this always with the view of running new ads in keeping with the seasons of the year.

In conclusion and to sum up how we schedule our newspaper advertising would say:

1st—with proper motive; 2d—with variety and regularity; 3d—keeping with competitive advertising; 4th—ing our newspaper advertising with other forms of our own advertising; —altering to fit conditions arising sea ably in our own community, and 6 being sure not to injure the effec unnecessary repetition.

HOW TO CONTINUALLY CREASE THE BILLS RECEIVABLE IN AN ESTABLISHED OFFICE

H. O. STONE, *Crawfordsville*

If one possessed the secret of ho continually increase the bills receiv in an established office, month in month out and still keep that office healthy condition, his financial wo would be over and his services woul in demand in practically every loan fice in the country.

No set rule will apply to this sub as the conditions vary in different calities. A plan that would worl Marion, might fall flat in Bloomin and vice versa. Loan offices, to be cessful must be located in and adapte the territory from which business is pected to come.

To secure good business and retai there must be in every office, mana and assistants who have the abilit build up good will and to strengthen loan company in the estimation of public. Managers and assistants, in the approach and the closing loan will never lose sight of the fact they not only have before them a spective customer and a prospective for the company, but also a person w they should perhaps cultivate as a fr thus they will endeavor to maintain spirit of friendliness, of helpfulness of personal interest which will entr them strongly in the estimation of borrowing public at all times.

Business comes to a loan com through two principal mediums:

The first includes newspaper adve ing, circular letters, house-dodgers, s directory ads, bill boards and what

The second through friends, rela and acquaintances. Of the two medi the first costs far more to secure the latter. The securing of busi through the second medium after initial loan is made comes through efforts of those in charge of an entirely, regardless of how large well known the company may be.

Statistics show and prove that tomers are driven away from loan of through the following reasons: through indifference, 8% through i lence, 50% through lack of individu and 10% through dirty or inacces offices. If the above factors are the m of driving away customers or lo them, the opposite will bring them and retain them. This proves that 45% coming from satisfied customers friends have received fair and impa treatment from those in charge of office.

I feel after twelve years in the business that the borrowing public re the loan manager and his assistant they would their doctor, lawyer, or t banker. As ones in whom they may fide, or secure advice from. Every

n manager and assistant must have respect, confidence and good will of people, and must so conduct themres that respect will be forthcoming. ey must be educated, so that they can ise and meet the public in a spirit of ndliness, after which good will is nd to follow.

A loan manager must give much of time to civic activities, such as church, ge and service clubs and must at all es be ready and willing to do someng for his community. The better a n manager is acquainted with the rth while citizens and respected by n, the better the business in his office.

oming back to the subject, How to itinually Increase the Bills Receivable an Established Office, I would say:

st—Make every loan well, because a n well made is a loan well paid. It ot only pleasant to handle but a good n will be the means of securing adonal loans. I would compare the mak of a good loan to a stone thrown in water, making a small circle, graduallncreasing in size, gradually growing reat proportions. A satisfied customer recommend you to his friends and r to theirs which eventually becomes endless chain.

d—Be an optimist and never think r office has reached its maximum size, ause there is always business for the getter and the hard worker.

d—Use the Golden Rule and just gine yourself borrowing and the other ow lending. Keep that old egotism of your system, and get the mistaken n out of your head that though the rower be poor that he has no sense of ing or pride, remembering his blood s red as yours and perhaps, bluer.

th—Make the loans small, keeping loan average down. Give me the of with many loans and a small loan ance, you will find that office healthy prepared for future growth.

th—Keep the office in a clean pretable condition at all times and meet customer with a pleasant greeting, ping in mind that the first impression he lasting one.

A brief summary of the points menned, emphasizes the necessity of a eful selection of prospects, the imtance of painstaking attention to the ails of making the loan, if these steps given their due emphasis and proper cution, success is almost a foregone clusion, and the results add their cheertotals to the main effort, thereby adg new and profitable customers for ure building.

Summing up in a few words my idea ow to keep an office growing, I would , make the loans well, make them all, cultivate acquaintances at every optunity, do things for your community, e your time and money to worth while erprises, treat your customers fairly l be a man.

ILLINOIS

The regular quarterly business meeting the Illinois Industrial Lenders Assotion was held October 31, 1929, at 6 M. at the Hotel La Salle in Chicago. is was the first meeting following the nmer meeting held in Chicago, August and there were sixty-five members sent which was a very good sized wd considering the fact that the meet was held on Halloween.

Satisfactory report was made by the Treasurer ot balance on hand and all bills paid, and the Secretary reported 126 members. There was nothing of interest to be reported by the Grievance Committee and nothing from special committees.

Our President, Mr. Albert P. Snite, who became president of the American Industrial Lenders Association at the last convention held in Philadelphia in September, made an interesting talk upon "The Aims of the National Association," and it is generally felt that Illinois will be solid in support. The Secretary who was the delegate to the National Convention made a general report and for a time there was considerable competition between Charlie Turgrimson and Charles R. Napier to decide who was originally responsible for the presidency of Albert P. Snite in the National Convention, each one claiming credit.

The following new members were voted upon and accepted:

Woodlawn Loan Company, 6253 Woodlawn Ave., Chicago, Ill.

American Thrift Company, 1954 W. North Ave., Chicago, Ill.

Personal Loan & Finance Co., Inc., 404 Leland Office Bldg., Springfield, Ill.

The meeting was adjourned at an early hour to permit members to pursue the usual Halloween pranks.

J. H. Sanderson, *Secretary.*

LOUISIANA

The regular quarterly meeting of the Louisiana Industrial Lenders Association, convened in the Gold Room of the Roosevelt Hotel, 10:30 a. m., Thursday, October 24, 1929. Meeting was called to order by President Heymann. Roll call was answered by sixteen members. The names of the following guests were registered:

Mr. Goldman, of the Federal Mortgage and Finance Co., of New Orleans; Mr. Marsh, of the W. I. Morris Printing Company, Chicago, Ill.; Mr. DeWies, of the Legal Reform Bureau, Philadelphia, Pa.; Mr. Flotte, of the Beneficial Operating Bureau, New York City; Mr. Snyder, of the Beneficial Operating Bureau, New York, N. Y.; Mr. Taylor, of the First Industrial Bankers, Baltimore, Md.; Mr. Mosley and Mr. Evans, of the State Banking Department; Mr. Trippett and Mr. Meadows, of the General Finance Company, Shreveport, La.

The President's report which included an account of his visit to the National Convention in Philadelphia, was enjoyed by all.

The Vigilance Committee, reported activities in Shreveport, Lake Charles and New Orleans. The State Banking Department has been very active of late in suppressing usurious and unlicensed lenders in these three cities.

The Membership Committee reported the addition of the Guardian Finance Company of Alexandria, La., to the roll call. Mr. Bouein, is the manager.

In a general discussion relative to expansion of the organization, Mr. Dean, expressed the opinion that by the first of January, the interests which he represented would be prepared to apply for membership for the twelve additional offices which they were opening. Mr. Schlozer, from Monroe, stated that he would have two additional offices by that time.

The inspiration for this action was furnished by two convincing appeals from Mr. Marsh and Mr. DeWies, that our State Association does not nearly represent the number of licensees in the state and that it is only by concerted efforts on the part of the members that we can get every one in. Through organization of the licensed lenders in the Louisiana Industrial Lenders Association, we are going to be able to command prestige and influence, in keeping in existence our Louisiana Small Loan Statute. We must not only keep the Small Loan Law in the State of Louisiana but we must foster and insist on legislation favorable to it.

Luncheon

Mr. William A. Porteous, Jr., acted as toastmaster at the luncheon and called on a number of members and guests for some short addresses.

Mr. Mosley and Mr. Evans, of the State Banking Department, voiced their appreciation of the hearty coöperation of the members of the Association and asked that they be constantly vigilant in reporting the irregularities of other lenders to the Banking Department.

Mr. Schlozer and Mr. Trippett were elated over the progress of our business in Louisiana and keynoted their talks with coöperation and organization of the licensed lenders.

Mr. Snyder, advocated redoubled efforts in securing members and establishing a definite code of ethics. His theme was the maxim, "Its Not the Way the Wind is Blowing, Its the Way the Sails are Set."

Mr. DeWies, added a touch of humor to the situation by giving some good reasons why he was not an after dinner speaker. An after dinner speaker, must be entertaining and he was not, but nevertheless we enjoyed and appreciated his remarks.

Mr. Heymann, President, closed the luncheon session by an address and an appeal to all members to display more enthusiasm in securing new members and in fostering ethical business methods.

Evening Session

It was decided that the Vigilance Committee should take on a definite form of organization. The Chairman, Mr. Smith, of New Orleans, will be assisted by Mr. Harvey, of the Personal Finance Company, of New Orleans and Mr. Powell of the American Industrial Credit Company of Algiers.

Lake Charles affairs are to be looked after by Mr. Sheragie, of the American Industrial Credit Company. Mr. DeClouet, of the Industrial Loan Company, is to look after the affairs in Lafayette and Mr. Boudin, of the Guardian Finance Company, of Alexandria, will handle the matters there. Mr. Braswell with the Industrial Loan Company, of Monroe, will be responsible for activities in Monroe and Mr. Boothe, of Shreveport, with the General Finance Company and Mr. Manship, of Baton Rouge, with the General Finance Company are to be held responsible for a report on those two cities.

The Question Box was the feature of the afternoon session. Several interesting topics came up for discussion. One of the old favorites—bankruptcy, brought out some new opinions and methods from several members. Discussion was had

on the fact that the Banking Department had tabooed the use of the phrase "Under State Supervision" in all loan office advertising. Some discussion was had about exercising care in taking payments, figuring interest, and proper crediting of the customer's pass book.

It was decided on a vote of ten to six, that the next meeting shall be held in New Orleans, January 25, 1930, and that it be called the Annual Meeting and be permanantly held in New Orleans and that the other three sessions would be distributed among the various cities of the state.

FRANK B. SMITH, *Secretary.*

RHODE ISLAND

The quarterly meeting of the Rhode Island Industrial Lenders Association was held at the Narragansett Hotel, Providence, Rhode Island, on October 17, 1929, at 1:30 p. m. Following luncheon the meeting was called to order by Chairman Pomfret. There were twenty members present representing the following offices:—Mutual Loan Asso., Pawtucket; Ideal Financing Asso., Newport; Chester Neal Co., Providence; Auto Owners Loan Co., Providence; Mutual System Co., Providence; N. E. Equity Corp., Providence; Citizens Finance Service Co., Providence; Household Finance Corp., Providence; American Loan Co., Providence; American Loan Co., Pawtucket; American Loan Co., Woonsocket; Beneficial Loan Society, Providence; Personal Finance Co., Providence; National Loan Co., Pawtucket; National Loan Co., Woonsocket; Ideal Financing Asso., Pawtucket; Ideal Financing Asso., Providence; Ideal Financing Asso., Woonsocket; Union Finance Co., Providence; H. B. Budding Co., Providence.

V. C. Moore, of Beneficial Operating Bureau; F. H. Lovegrove, of Mutual System Co.; W. G. Wood, of Citizens Finance Co.; M. N. Newman, of Ideal Financing Association also were present.

REPORTS

Treasurer reported all bills paid and a balance on hand in bank.

Secretary stated he had received two applications for Membership and that they had been turned over to Membership Committee for action.

After a lengthy discussion of Amendment to Article 3 Section one of Constitution proposed and read at last regular meeting by Harry G. Neal, it was voted that this Amendment be indefinitely postponed—Mr. Neal dissenting.

W. G. Wood gave us a very clear and interesting report of the National Convention held at Philadelphia, September 18th-19th-20th. The reading of this report was listened to attentively after which it was heartily approved with thanks by all members.

The membership applications received from Rhode Island Coöperation Finance Corporation of Providence, and the Continental Finance Corporation of Providence were acted upon and they were duly elected to membership.

F. N. Plummer was elected to Executive Committee to replace Mr. D. W. McGray. Mr. Plummer was appointed on Auditing, Banquet, and Luncheon Committees also replacing Mr. D. W. McGray, resigned.

W. G. Wood was unanimously chosen as Councilor from Rhode Island to National Association.

Our next meeting will be held on January 16, 1930, at Providence, R. I.

E. LA GUEUX, *Secretary.*

B. O. B. STILL GROWING

Clarence Hodson and Company announce that the Beneficial Industrial Loan Corporation has added four new subsidiaries to its national system of loan companies. They are located in New Bedford, Mass.; Webster, Mass.; Hamtrack, Mich., and Keene, N. H. Several additional subsidiaries, it is said, will be opened during the next few weeks. The corporation now has a total of 260 companies under its direction and is the largest of its kind in the world.

PENNSYLVANIA

The Fifteenth Annual Convention of the P. I. L. A. was held at the Bellevue-Stratford Hotel, Phila, Pa., on Wednesday, November 13, 1929, convening at 10 a. m. with 120 members present.

The meeting was called to order by Chairman Hart, who made a brief address of welcome to the members.

Upon motion of Mr. Millard, seconded by Mr. Ezekiel, the reading of the minutes of the previous meeting and the calling of the roll was dispensed with.

Mr. Watts suggested to the Chairman that the members arise in order and give their name and the company they represent, which suggestion was carried out.

Mr. Hart stated to the members that a question box had been placed on the desk of the secretary, and that all members were urged to place therein, any questions that they cared to discuss, and that this would be done at the afternoon session.

REPORTS OF OFFICERS

Chairman Hart gave a brief summary of the work of the P. I. L. A. for the past year and spoke of the two big problems that were handled, namely the legislative work and the convention of the P. I. L. A., which was held in Philadelphia in September. Mr. Hart's remarks were greeted with applause.

Upon motion of Mr. Myers, seconded by Mr. Gatter, the report of the Treasurer and Auditing Committee was received with thanks and ordered spread on the minutes.

REPORT OF THE SECRETARY

Membership last meeting	237	
New members elected	6	
Total		243
Resignations	2	
Members suspended	2	
Total		4
Present membership		239
Members dues paid to 12-31-29		236
Members dues paid to 6-30-29		1
Members delinquent one year and over		2
Total		239
Increase in membership this year		38
Licensees in State		531

Respectfully submitted,
W. S. HERRON, *Secretary.*

Upon motion of Mr. Boyle, seconded Mr. Hubbell, the report of the Secreta was received with thanks and orde spread on the minutes.

REPORTS OF STANDING COMMITTEES

EXECUTIVE COMMITTEE

Chairman Mr. Watts, reported that t Executive Committee had had very lit work to do the past year, and paid tribu to the officers and committees. M Watts reported that the only unfinish work of the Executive Committee w that of the adoption of the Code Ethics and suggested that this work carried over and referred to the inco ing Executive Committee.

Upon motion of Mr. Bachofer, the r port was ordered received and filed a the committee thanked, which was s onded by Mr. Loupe.

Chairman Hart remarked that later the day the matter of the Code Ethics would be brought up under u finished business.

MEMBERSHIP COMMITTEE

Mr. Steimle, Chairman, not being pr ent, Mr. Moss gave a report of the wo of this Committee summarized as f lows:

P. I. L. A. membership	2
New members obtained	
Applications pending	
Total new members	

Expense of campaign (consisting postage and multigraphing) approximat ly, $49.00.

Upon motion of Mr. Devine, second by Mr. Webster, the report of the me bership was received with thanks and o dered spread on the minutes.

LEGISLATIVE COMMITTEE

Mr. Kehr, Chairman, reported th Legislature being over, the work of th Committee is finished for the time bein Mr. Kehr stated that at the closing Leg lature there were about twelve bills a fecting our business introduced, five which would have reduced our rate, b that fortunately none of them becam laws. Mr. Kehr acknowledged credits Chairman Hart and Dick East for the assistance to him during the past year.

Upon motion of Mr. Moore, second by Mr. Badger, the report of the Legi lative Committee was received wi thanks and ordered spread on the mi utes.

PUBLICITY COMMITTEE

Chairman Moore, gave a detailed r port of this committee for the closin year, stating that we had received 4,8 lines of publicity covering 56 cities a 83 newspapers. Mr. Moore thanked h committee for their coöperation and al told the members that the photographs the Chairman, Secretary, Dr. Mueller a Mr. Watts had been published in sever cities, where meetings were held duri the year.

Upon motion of Mr. Dornhoefer, se onded by Mr. Dana, the report of th Publicity Committee was received wi thanks and ordered spread on the mi utes.

Vigilance Committee

Mr. Herron, Chairman, reported that ıere had been very little work for this ommittee to do, and that it was his be-ef that the business had been policed ıite thoroughly.

Upon motion regularly moved and sec-ıded, the report of the Vigilance Com-ittee was received with thanks and dered spread on the minutes.

Mr. Hart now announced the Nominat-g Committee as follows:

Mr. G. W. Kehr, *Chairman;* Mr. C. H. 'atts; Mr. B. E. Henderson; Mr. Wm. oung; Mr. J. F. Devine; Mr. H. P. ıtter; Mr. F. W. Buck.

Entertainment Committee

Mr. Buck, Chairman, reported that the servations to date indicated that the 'gest assemblage of Lenders ever con-ned, would be at our banquet in the ening, approximately 850. Mr. Buck ınked Mr. Hopson for securing our ıcheon speaker, Mr. Leonard Omerod, s't. Vice-President and General Man-er of the Bell Telephone Co. of Penna., d Mr. Hoopingarner for securing our ening speaker, Mr. A. H. McDannald, ıitor-in-Chief of the Encyclopædia nericana who would speak on "Some servations on the Small Loans Busi-ss."

Upon motion of Mr. Badger, seconded Mr. Henderson, the report of the tertainment Committee was ordered ead on the minutes.

Unfinished Business

The Secretary brought to the attention the members the matter of holidays t had been brought up in previous etings and also the letter from the nking Department referring to same. ter considerable discussion on the tter by the Chairman, Mr. Herron, Mr. ıtts, Mr. Badger and Mr. Henderson, notion was made by Mr. Moss, and onded by Mr. Watts, that the matter referred to the various Exchange ·eaus throughout the State for their ision.

New Business

Mr. Watts was recognized by Vice-ıirman Moss, and brought to the at-tion of the members the advisability changing the names of the officers of Association from Chairman and Vice-ıirman to President and Vice-Presi-t and that the necessary change in the Laws be made to cover this.

Mr. Moss read from the present By-ws the paragraph referring to any con-plated change, requiring written notice sent to all members at least ten days ore the meeting.

Mr. Watts then made a motion sec-ed by Mr. Hart that the resolution stand, but that it be referred to the cutive Committee for their action.

here being no further business to e before the members at the morn-session, the meeting was adjourned luncheon, to be resumed in the after-n.

W. S. Herron, *Secretary.*

t our luncheon, Mr. G. J. Badger as-ed the speakers chair, and introduced he members and guests Mr. Leonard erod, Asst. Vice-President and Gen-r Manager of the Bell Telephone Co. of Penna., who gave a very interesting talk on telephone business, which was well received. Mr. Badger thanked Mr. Omerod at its conclusion.

The business session was resumed after luncheon, and under new business the proposal to change the name of the Association was talked over at great length by Mr. Badger, Mr. Watts, Mr. Henderson, Mr. Haines, Mr. Kehr and Chairman Hart. No action was taken however, in view of the fact that the A. I. L. A. is sending out a questionnaire dealing with the same subject.

Chairman Hart, introduced to the members, Mr. V. L. Buckman, of the New Jersey Association, Mr. Snite, President of the National Association, Mr. Harrison, Treasurer of the National Association and Mr. Thompson, Chairman of the Executive Committee of the National Association, who responded to the introduction briefly.

Election of New Members

Secretary Herron read the applications for membership of the following offices;

Continental Finance Corp., Lebanon; Continental Finance Corp., Phila.; Delaware County Loan Co., Phila.; Personal Finance Co., Point Marion; Lycoming Discount Co., Williamsport.

Upon motion of Mr. Ezekiel, seconded by Mr. Kehr, the above offices were elected to membership.

Secretary Herron read the resignation of the Norman Investment Co., Phila. This company stating they were retiring from business. Upon motion of Mr. Devine, seconded by Mr. Gatter, the resignation was accepted.

The secretary read a request from the Penn Mutual Loan Co., Reading, that their name be changed to the Public Finance Service Inc., and upon motion regularly moved and seconded, the change was granted. A letter was read from the Wayne County Agency, stating that their name had been changed to the Penna. Loan Corp., Honesdale, and being duly moved and seconded, the name was ordered changed on our records.

Secretary Herron took the floor and remarked that it was thought advisible to eliminate the Vigilance Committee, and establish a Public Relations Committee consisting of not less than three members.

Upon motion of Mr. Kehr, seconded by Mr. Watts, the Vigilance Committee was abolished and a Public Relations Committee established, to be appointed by the Chair.

Chairman Hart introduced to the members, Mr. Alex. H. Findley, father of American Golf, who gave a wonderful talk on the philosophy of golf. At the conclusion of the talk by Mr. Findley, a rising vote of thanks was extended Mr. Findley.

Chairman Hart introduced to the members Mr. W. F. Persons, Executive Vice-President of the American Industrial Lenders Association, who gave an interesting talk on National Association matters.

Chairman Hart, now called upon the Nominating Committee to submit the names of the nominees for the Executive Committee, which Mr. Kehr, presented as follows:

Chairman, A. V. Hart, H. P. Gatter, A. R. Dana, G. W. Kehr, J. F. Devine, A. S. Ezekiel, C. W. Loupe, J. D. Williams, W. S. Herron.

Upon motion of Mr. Franco, seconded by Mr. Moss, the nominations were closed and the secretary instructed to cast a ballot for the above Executive Committee.

Mr. Kehr, now presented the following names for officers of the Association for the ensuing year;

Chairman, A. S. Ezekiel; C. W. Loupe, Vice-Chairman; J. D. Williams, Vice-Chairman; J. F. Devine, Treasurer; W. S. Herron, Secretary.

Upon motion of Mr. Dana, seconded by Mr. Loupe, the nominations were closed and the secretary instructed to cast a ballot for the above officers.

Chairman Ezekiel, now assumed the Chair and thanked the members for their honoring him, and asked the coöperation of the body for the year of his incumbency.

Secretary Herron read a wire from Mr. Leon Henderson, sending his regrets at his inability to be with us.

The Secretary also read a letter from Mr. Watts, as follows:

"November 9, 1929.

"Dear Mr. Herron;

"The thought which prompted the gift of remembrance at the time of my mother's passing, was beautiful, and the flowers amply expressed that which I knew to be in the hearts of the officers and members of the Association.

"My father has asked me to express his appreciation and that of the near members of our family for the thought which prompted this graciousness.

"Sincerely yours,

"Charles H. Watts."

Mr. Loupe was recognized by the Chair, and urged the members to hold their next meeting in Pittsburgh. Mr. Loupe spoke about the meeting held in Pittsburgh, the past February and stated that it was the largest attended meeting ever held in Pittsburgh by our Association, and predicted that the next one would be even larger.

Upon motion of the secretary, seconded by Mr. Devine, it was recommended that body request of the Executive Committee that the next meeting be held in Pittsburgh on the second Wednesday of February, 1930.

Secretary Herron read letters of regret from Governor Fisher and Mr. Cameron, Secretary of Banking of Penna., that they would be unable to be present.

Upon motion of Mr. Moss, seconded by Mr. Young, retiring chairman, Mr. Hart was voted thanks for his efforts during the year.

There being no further business to come before the Association, it was regularly moved and seconded that we adjourn.

The fifteenth annual banquet was held in the Ball Room at 6:30 p. m., with Mr. C. H. Watts, toastmaster.

At the conclusion of dining, Mr. Watts introduced Mr. A. H. McDannald, Editor-in-Chief of the "Encyclopædia Americana," who spoke on "Some Observations on the Small Loan Business." Mr. McDannald presented an excellent talk which was enthusiastically received, at the conclusion of which Mr. Watts thanked Mr. McDannald on behalf of the members.

The next speaker was Count Ernesto Russo, diplomat of Milan, Italy, who spoke on "America as I Find it." Count Russo's talk was interspersed with humor and philosophy and was enthusiastically received.

Music was furnished by the W. Irving Oppenheim, Benjamin Franklin Hotel Orchestra, throughout the evening and for dancing.

We were entertained by the following: Mae Mack, Mistress of Ceremonies; Emory Sisters, Harmony Singing; Moreland and Mason, Comedy; Paramount Revue, Chorus of Broadway Beauties.

After the entertainment, dancing until two o'clock A. M. concluded the festivities.

W. S. HERRON,
Secretary.

NATIONAL AFFAIRS

From a Talk Delivered by
F. L. THOMPSON

Chairman Executive Committee, American Industrial Lenders Association at the Annual Managers' Meeting of the Legal Loan Co., held in Marion, Indiana, October 3 and 4, 1929

A new era has dawned upon that field of personal finance which includes the small loan service authorized by law and officially supervised in twenty-five states.

Since 1916 when the American Industrial Lender's Association was organized in Philadelphia, steady progress has been accomplished towards the upbuilding of the business in public understanding and esteem; but it remained for Philadelphia, the birthplace of the National organization, to see the greatest forward step accomplished by the Association since its inception. The National Association conceived through the necessity of coöperation, has progressed step by step until there is now under formation an organization that will very properly function to the great benefit of the business as a whole, with the sublime purpose in view of acquainting our fellow business men and that great mass of the American public with the business which we, as operators, now understand.

The organization has been especially fortunate in securing W. Frank Persons for the position of Executive Vice-President, and headquarters are now being opened in Rooms 709-716 Tower Building, 14th and K Streets, Northwest, at Washington, D. C.

Mr. Persons will gather about him a competent departmental staff of high grade men and women, who will conduct the affairs of the National organization subject to a Board of Directors of fifteen men, chosen from various parts of the United States; and an executive committee of five, whose particular duty is to carry on the business of the Association between the quarterly meetings of the Board of Directors.

The Board of Directors consists of Gilbert J Badger, New Jersey; George W. Kehr, Pennsylvania; T. M. Kaufman, Indiana; L. S. Harbison, Illinois; C. H. Watts, New York; C. G. Mueller, Pennsylvania; F. B. Hubachek, Illinois; L. K. Osborne, Ohio; D. L. Hoopingarner, New York; A. V. Hart, Pennsylvania; F. H. Lovegrove, Connecticut; Harry Palmer, Missouri; W. S. Herron, Pennsylvania; Norman Buckner, Michigan, and F. L. Thompson, Indiana.

The Executive Committee is chosen from the above Board and composed of C. H. Watts, L. C. Harbison, G. W. Kehr, G. J. Badger and F. L. Thompson, Chairman.

The official family consists of President, A. P. Snite, Chicago, Ill.; Vice-President, T. M. Kaufman, Indianapolis, Indiana; Treasurer, T. J. Harrison, Waterloo, Iowa; Secretary, G. W. Kehr, Harrisburg, Pennsylvania, and Executive Vice-president, W. Frank Persons, Washington, D. C.

A Secretary for the Association will be employed for headquarters at Washington, D. C., and highly qualified men will be employed for the positions of Director of Publicity, Director of Research, and for the direction of such other departments as the needs of a growing and expanding organization such as ours will demand in order to carry on the work of the National body.

The duty now devolves upon each individual member of the State and National organizations and upon every person engaged in small loan service to give heartily of their support in every way to Mr. Persons and his staff, to the Board of Directors, to the Executive Committee, and to the officers of the organization, in the large endeavor which we have mutually undertaken; knowing full well that for the first time, in the history of A. I. L. A., we are looking the necessities of the business square in the face and initiating a great work which needs the undivided efforts and coöperation of every person engaged in the business.

ARE YOU KEEPING UP?

By W. B. NICHOLS
President Indiana Industrial Lenders Association

He is a wise man who knows enough to profit by his own experience; but he is a wiser man who knows enough to profit by his fellow man's experience.

This business or industry of Industrial Lending has become one of the foremost businesses in the United States and is recognized as such. It well represents more than one hundred million dollars invested capital. And I am going to say to you men who are managers and outside men that in my opinion the field is only scratched, and that there is no other business in this country that is so necessary and affords better chances for advancement than the business of Industrial Lending. I do not believe there is a loan office in the State of Indiana that in the next three years with the proper man at the head and using the proper kind of advertising educating the people in your respective communities of the service you have to offer that you can not double your loan balance of today. A pretty broad assertion, you may think.

Employees: Your ideals, your ambitions, your aspirations, your success, depend on you. You have but ten or fifteen years to make good in business, ten or fifteen years to decide whether you are going to be boss or employee.

You are made, not born, a success, and to make yourself you must gather all knowledge possible about your business. You are in the most rapidly growing field in the United States and your success i it depends entirely on you and your a tions.

Now Mr. Assistant are you going remain forever a junior employee in loan office? Have you ever thought running a loan office, and Mr. Manag have you ever thought of running ma loan offices? You must have had d dreams at some time or other in yo life. But is that as far as your though went—day dreams? Day dreams ha proved many times the source of gre ideas, but too man day dreams, being p to no use lead down to the valley of o scurity. Castles in the air are of value unless you put a foundation benea them.

Take the dream of your future, no ma ter how impractical it may seem, a think seriously about it for a moment.

You are ambitious, you are progressiv you want to be out in the lead far ahe of your fellows and you are vitally i terested in yourself. Since you are vitally interested in yourself, it is y who must be prepared. And the o way in which you can advance yourself by knowing more and being able to more than the other fellow.

You have a problem to solve. Do y know enough about the job ahead to st in and take charge of it? Do you kn your own job well enough to train t fellow beneath you to step in and take so that you will be available for prom tion? In other words, do you kn enough about your job and your busin to become a success?

That is not a matter which can handled tomorrow or the day after. is one which is of immediate, and vi importance. Your future career, its ch acter, and its extent will be determi by your answer to the above question

The world—business and otherwise—cluttered with men who have progres but slowly, learned a certain number things, and then proceeded to do j those things. They learn no more a consequently progress no more. T are mere cogs in the machinery of gr organizations and they are recognized such by their superiors with the reser tion that as soon as a person with grea capabilities for advancement presents h self these cogs are going to be repla Cogs are not wanted. Men are wan who think and act, plan and do, le and advance.

How do you size up? Are you one these men who are so efficient in y particular kind of work but so ineffic in the higher branches of it that y employer deems it best to let you main where you are? Have you analy yourself to find out whether your kno edge is of the kind that will expand v the years and aid in carrying you o greater glory? Or, are you one of t partly arrived men who has attained haps a loan manager's position and gotten that the real path of success stretches far ahead? Remember, ge men, your business is changing rap and you must be able to change wit

Your business is not conducted lik was ten years ago, and many cha will take place in the next ten years you must be able to cope with t changes.

You all want a beautiful home, bea ful things, the love and respect of y fellow men, the right to mingle

e proper sort of people on a proper sis. All these are yours for the ask-g. You are the person who wants these ngs, and you are the person who must imp, save, sacrifice and labor to attain em. Study your business, study your sition, study yourself, and be a better low than the next one. Be a Brough-an, a Thompson, an Aufderheide or mpfe.

LIFE'S ENERGETICS

om Address by Prof. F. C. Hockema
Prof. Industrial Management,
Purdue University

Man is full of Hidden Forces.

"If there is one thing I know absolutely, is this, everyone can do more than he nks he can."—*Henry Ford.*

"Success or Failure in business is more natter of mental attitude than of mental pacity."—*Walter Dill Scott.*

"For every ten men who are physically y there are 10,000 with stagnant nds."—*Merle Crowell, Editor of the nerican Magazine.*

"Four per cent of the people do ninety-e per cent of the thinking."—*Late Pro-sor James of Harvard.*

"It is the hardest thing in the world to a good thinker without being a good f-examiner."—*Shaftesbury.*

Whenever we realize our inefficiency n we will start a program for im-vement.

The following qualities receive para-unt recognition by the famous leaders our country.

Determination

(A) Will power is the guiding force human destiny.

(B) He who hesitates is lost.

(C) When a man is above discourage-nt he is above defeat.

(D) We ought to be ounsistent.

(E) No man can attain success who agrees with himself.

(F) We must harmonize our activi-

(G) Men lack self-confidence because y do not know themselves.

Liking Your Work

(A) Get happiness out of your work you will never know what real happi-s is.

(B) Our work should be a service to ers.

(C) Happy is the man who gets paid what he likes to do.

(D) If we like our work then we k as if we owned the place.

Ability to Work Hard and Long

(A) Too much emphasis on social vities.

(B) Nothing will take the place of k.

ility to Coöperate with Others

(A) Nobody knows it all.

(B) Business men are willing to pay remium for agreeableness.

(C) The secret of success in life con-s in knowing how to change men's

ds.—*Salesmanship*

Continuous Training

(A) Initiative follows preparation.

(B) What you know is a club for yourself, and what you don't know is a meat axe for the other fellow.

(C) We cannot stand still.

(D) Think things over.

(E) Formulate programs for continuous training.

Executive Ability

(A) It is the ability to accomplish the seemingly impossible.

(B) It is the genius for finding a way.

(C) Plans are worthless unless they are executed. This is a test of our executive ability.

(D) "He who every morning plans the transactions of the day and follows out the plan, carries a thread that will guide him through the labyrinth of the most busy life."—*Victor Hugo.*

Let These Business Pluggers

Work for You!

NEED MORE

$ $ $

SEE THE MANAGER

You Are One of Our Preferred Customers

If You Need Additional Money See Us.

You Can Get More Money Today!

We Want to Thank You at This Time for Your Business.

Remember We Give ONE DAY SERVICE

Send Us One of Your Friends If They Need Money

THANK YOU

We are proud to have you on our books. Will you send us one of your friends?

Have You Sent Us A Customer?

PASTE ON PAYMENT BOOKS—preferably over "BALANCE" column. Printed on gummed paper and in various colors. Change each time payment is made.

$3.00 per M
$2.00 per M in 6M Lots
Assorted

THE WILLIAM I. MARSH CO.

229 West Illinois Street -- CHICAGO

Philadelphia Office: 111 So. Fifteenth St., 516 Packard Bldg.

Have you one of our New Portfolios of Forms and Advertising? Sent Free.

COMMON SENSE

(A) Josh Billings once said something to the effect that experience was a good thing, but that the smart man would let the other fellow get bit by the rattlesnake while he took the experience.

(B) Common Sense is the effective use of what a man knows.

(C) To decide quickly and correctly.

PATIENCE

(A) Too many men want to jump from office boy to general manager in one day.

(B) Patience is bitter, but its fruit is sweet.

(C) "He that can have patience, can have what he will."—*Franklin.*

ABSOLUTE HONESTY

(A) Business men are willing to pay a premium for this quality.

(B) Incompentent people resort to dishonest.

(C) Honesty is mental as well as moral.

OPTIMISM

(A) Promotions go straight to the cheery, intelligent worker.

(B) Be constructive instead of destructive.

(C) Let's profit by our mistakes.

(D) We make a living by what we get but a life by what we give.

IT TAKES GRIT

1. To be patient.
2. To keep your temper.
3. To improve your mind.
4. To exercise and keep your body fit.
5. To eat for health instead of sport.
6. To save money.
7. To push your business.
8. To tell the truth.
9. To say no.
10. To do what you don't want to do.
11. To pay your debts.
12. To do your own thinking.
13. To be honest.
14. To cast away worry.
15. To work hard.
16. To be optimistic.
17. To fulfill everything you promise.
18. To treat everyone fairly and squarely.
19. To be alert.
20. To be a leader.
21. To say I don't know but I'll find out.

Let's organize our mental forces and conduct our life by chart and compass.

We kill the negative by practicing the positive.

Time is money and knowledge is power.

A man's estimate of himself determines the use of his time.

Give your organization the best you have and the best will come back to you.

URGE REDISCOUNT NOTES OF FINANCE COMPANIES

WASHINGTON, December 5th—Definitely suggesting that prosperity and purchasing power could be well maintained at an even keel through a government agency, C. C. Hanch, Secretary and Manager of the National Association of Finance Companies, told the general business conference called by President Hoover today that modification of an old regulation of the Federal Reserve Board was essential to the millions of citizens who bought "on the deferred payment plan." He predicted that consumer credit which has contributed to the success of mass production and mass consumption would be curtailed unless the Federal Reserve Banks were permitted to rediscount the notes of finance companies, the proceeds of which would be used for financing the sales of merchandise.

While reporting that the stock market debacle had little adverse effect on finance companies, Mr. Hanch stated that "substantially all finance companies have been hampered in their operations during the past year by the difficulty of obtaining from their banking connections sufficient funds to handle the business which was offered them." He added that "this credit stringency, in spite of the recent release of large amounts of credit by the stock market, is still continuing." Hanch informed the conference that the finance companies had "little if any more than a normal reduction in volume and no noticeable increase in defaults, repossessions and delinquencies."

In advocating that the Federal Government permit the banks in the Federal Reserve System to adopt a more liberal attitude toward finance companies, Mr. Hanch contended that "there is a shortage of eligible commercial paper held by the member banks of the Federal Reserve System of such magnitude that bankers generally are seriously concerned over the situation." Hanch estimated that the shortage amounted to two billion, eight hundred million dollars. "The extension of credit to industrial and commercial enterprises, as well as finance companies," according to this official, "would be appreciably facilitated if that shortage could be substantially reduced." It was his claim that finance company paper would become more acceptable to banks and consumer credit would become more available to the public. It was estimated that the admission of finance company paper would contribute between one billion and one and one-half billion of dollars toward making up the defict. Hanch said that finance companies under fair treatment from the government would be in a position to extend credit to the individual installment buyer who buys merchandise from automobiles, radios, mechanical refrigerators, washing and sewing machines to plant machinery on credit.

SALVAGING

C. D. YORK, *Marion*

Salvaging means getting as much money as possible back on an account that has gone bad. Not one of us would make a loan if we anticipated that it would go bad, or that we would have the security turned over to us. The last thing any one of us wants to do is to take the security. However, in spite of our caution, occasionally an account that appears to be perfectly safe at the time it is made causes a great deal of trouble.

Personally I believe that much trouble could be avoided by better collection methods. When an account starts going bad, try to find out at once the cause; misunderstandings should be corrected, and the chronic slow should be convinced that it is best for him to make his payments promptly. In case of misfortune an effort should be made to assist the customer in every way possible. Never talk rough to your customer—that wou only get him in an antagonistic frame mind. Be courteous at all times—yo will never have much trouble if you ta to the man at the right time and in t right way.

When all efforts fail to get the a count straightened up and the custom still insists that you take charge of h security, if possible get him to sell t goods and turn the money received in the loan. By so doing the customer able to retain his pride and self-respe The customer can probably get more f his goods while they are still in his hon where they will show up to the best a vantage. A small ad telling that he h a complete outfit of household goods be disposed of at private sale will ge erally bring him plenty of customers a large part being easily sold to his neig bors. If this is not possible it is necessa to find some place to move the goo where the sale can be made. I have n had much success selling goods at publ auction.

I have had better success in salvagi as much as possible out of goods th have been turned over to me by placi them with some one who will sell the on a percentage. A man who has a lar room in back of his repair shops sel the security I have turned over to n on such a basis. I price the articles f the man who is selling so he will kno the lowest price he can ask. He arrang the articles so that it is possible f prospective buyers to inspect them. feel that I have been able to salva more on turned in goods by this meth than in any other manner.

By this procedure it is some times po sible to realize enough from the securi to return to the customer some money excess of the amount needed to pay o the loan.

WHAT IS THE REFERENCE SYSTEM?

F. L. WALTERS, *Bedford*

Our reference system is a convenie record of loans, a source of informati and is also used for the purpose of co piling special mailing lists. Its divisi depends upon the number of special li that an office may contain. In this pap I have taken up the four kinds of refe ence cards that are common and in da use, and also the mailing lists used e clusively for mailed advertising.

1. RECORD OF LOAN

The immediate source of the referen card is the record made of each new loa together with all the information written under "Remarks" of the n application. These remarks should written on the card at the time of t loan.

2. SPECIAL O. K. LIST

The O. K. applicant for a loan w fails to come in for the money is one the sources of this list. We have ma our investigation and have the applicati When he fails to come in or notifies that he has decided not to take out t loan, a card should be made and plac in this list. He is a good prospect a might be sold at any time by a maili piece. All inquiries from likely looki prospects should also be embodied in t list and every effort be made to get th

"Bill" McCullough
Says: "I'm Not Only *Wishing* You
A Prosperous New Year
I Want to Help *Make* it that for You!"

WHEN Julius Cæsar and the other boys from Rome were revamping the calendar and renaming the months they showed real cleverness in naming the first month January. Janus, if you remember your Roman mythology, was the God of beginnings and ends. A two faced God who looked forward and backward at the same time.

This is the time for looking backward—and forward—the time for planning. You want to make 1930 your biggest and best year. I'd like to help you make it that. Here's what one of the many firms with which I worked last year says:

"A Bigger Increase in Six Months Than in *Previous Three Years*"

This company—a chain organization operating over twenty offices—used the complete McCullough advertising service—newspaper ads, mailing folders, circulars, etc. We planned a complete special campaign for them. And this is just one of the scores of companies—large and small—for whom we had the pleasure of helping make 1929 their biggest and most profitable year.

Complete Year's Newspaper Advertising Service for Only $30.00

Our newspaper advertising service will not only save you time and worry in connection with your newspaper advertising—it will make your ads stand out from the others—and greatly increase your returns on your newspaper expenditure. Sixty-four complete ads in mat form, covering every reasonable and seasonable appeal, attractively illustrated. Any of these ads can easily be changed to meet your particular needs whenever necessary.

We also have dozens of new circulars, mailing pieces, etc., and specialize in planning complete campaigns. A complete advertising agency service for the cost of printing only. Let us send you samples and quote you prices.

Let me not only *wish* you a prosperous New Year —but help *make* it that.

BILL MCCULLOUGH.

THE McCullough Complete Advertising Service for *Industrial Lenders*

McCULLOUGH PRINTING CO., *Murphy Building,* INDIANAPOLIS

name and address at the time of the inquiry.

3. General Reference

The reference cards on turned loans are of two kinds, first, the party that is absolutely N. G. and we can't possibly make; the second, the applicant that owes too much money at too many places. The latter may make a good customer at some future time and the card should contain all the information resulting from the investigation or inquiry. Going through the general reference twice a year will reveal several of these turn downs and if removed from the general reference and placed in the Special O. K. list, may bring another request for a loan. They may have their balances paid down where we may be able to handle them.

4. O. K. Former Customer List

When one of our customers pays off his loan in a satisfactory manner, he becomes an O. K. former customer. He is a source of business for us as he is already sold on the service we offer.

Mailing Lists

We have found that special names, made into special lists of probable loan prospects, are much more valuable than names picked at random from the city directory, telephone book, etc. These special lists enable us to concentrate our mailed advertising to the people, who very likely would be interested in securing a loan. By a little effort these lists can be easily obtained.

Each new application for a loan should contain all the names and addresses of friends and relatives that are possible to procure. When the loan is made these names should be placed on reference cards, checking them out of the city directory at the same time, thus preventing duplicated mailing. It is an established fact that most of our business comes from friends and relatives of our customers. The application list is the most valuable mailing list in an office and the easiest to acquire. Other good sources of special lists are meter holders, factory and railroad employees, tax assessment lists, lists of credit customers at furniture stores, automobile registration lists, etc.

What Is the Reference System?

Keeping the reference system to date is easy. Information that we receive from day to day through the newspaper, credit exchange, and personal knowledge should be written down on the reference card. This enables us to keep an accurate check on our customers and we can tell in a moment just how John Jones stands with us and in the community.

The company's instructions have always been, "Don't try to remember it, write it down." Keep a good reference system, it will help prevent losses, serves as a constant source of information and greatly simplifies our mailed advertising.

BELIEVE IT OR NOT

By Wasserberger

A young, new manager, just on the inside, from the outside, was dictating a letter to his stenographer, and not knowing just what financial phrase to use, asked her "Do you 'retire' a loan?" And she replied "No, I sleep with my sister, Marjorie."

DR. FRANKLIN WINTON RYAN'S BOOK "USURY AND USURY LAWS"

makes a very acceptable Christmas gift for managers, executors and friends of the Personal Banking Business.

Order it from the Secretary.

A COLLEGE MAN'S VIEW OF THE SMALL LOANS PROBLEM

Readers who desire to keep abreast of the trend of thought on the subject covered by this publication will find an interesting article published in the *American Economic Review* for June, 1929, by Clyde Olin Fisher of Wesleyan University, entitled "The Small Loans Problem: Connecticut Experience." Paper copies of this publication can be had for $1.25 by addressing American Economic Review, 450 Ahnaip St., Menasha, Wis.

THE RIGHT WAY TO CLOSE A LOAN

Ray G. Zeigler, *South Bend*

The right way to close a loan starts, I believe, with the first interview of a prospective customer. The first impression the customer gets of the personnel of the office and the company he is going to do business with, must be a favorable one.

We should become interested at once in customer's problems, and troubles, and engage in conversation relative to his personal affairs and financial conditions. By doing this, we make it much easier for ourselves to get better information; at the same time it will help impress this customer that we are interested in him and are willing to help him solve his problems. In other words if we can make our customer feel that we are trying to do something more for him than just loaning him money, we are sure to gain his good will and confidence. We all know that this is quite an important factor.

We should never be timid in asking customers the things we want to know about them. Insist on facts and full information and by so doing it will impress them that we must do business in a strict and business-like manner and cause them to feel more serious about their obligation.

While this has nothing to do with the actual closing of a loan, I believe it is very closely connected, as a customer's first impression of our company has much to do with the manner in which he will repay his loans.

As to the actual closing of a loan, this cannot be successfully done by just having a customer sign the necessary p pers and in return hand him a payme book, and the money. Quite the contrar We should take each part of the mor gage and explain to them fully the agre ments they have made to us. The tern of repaying the loan as stated in the no and agreement should be made plain them. Then the payment book itse should be explained with the proper stre being placed upon the due date.

After we feel that we have fully e plained our terms and requirements, w should then give the customer the rig to ask questions. Ask him if there any point that is not entirely clear him. Often times he has something his mind that we have taken for grant was clear to him, and he feels all t better for you giving him the right question you.

All loans should be made by the ma agers whenever possible. For exampl when we go to a bank to borrow mone we do not go to one of the tellers a expect to be accommodated, we reali that it is necessary for us to go to t cashier, or some one higher-up and con mit ourselves to our obligation. W should also realize that we must abide h his terms, as he is the one in charge a with the authority to act. Were it po sible for us to get our loans from t bank tellers, I am quite sure that t seriousness of our obligation would a very mild issue. This same thing a plies to our own customers when the are not given the manager's attentio There is no question but that we mu educate our customers to pay prompt and abide by our policies, and there is better way than for the manager, himsel to explain what is necessary, and ha the customer commit himself to those r quirements at the time the loan is mad

In closing a loan we have our la chance to explain to our customers t amount they must pay, the date they a to pay, and to impress them with t idea that they must pay promptly. this is not carefully done the result w often be a "Slow Account," or a di satisfied customer. If it becomes nece sary to iron out misunderstanding ov the counter when the customer makes h first payment, it is bound to have a ver bad effect, for he feels that we shou have explained things to him more full at the time we made him the loan, whic is absolutely true, and should it happe while we are trying to get this custom back into the right frame of mind, th other customers are present, it not on makes it embarrassing for him, but al puts doubt into the minds of other cu tomers.

As I can see, there is no great secr in closing loans the right way, as it on requires common sense and effort on t part of the one closing the loan to ex plain everything fully, and to impre his customer first, with the seriousnes of his obligation; second with the agre ment he has made to us to repay h loan; third, have the customer's goo will and let him leave, feeling that w have rendered him a service that meat a little more than just loaning him mone

The extra time spent with a custom when closing his loan will be time we spent when it comes to collecting his ac count.

Model 2 U.

—so we built 3 CALCULATORS *in* ONE

And now you'll only need one device to calculate Time, and any of two rates of interest.

T LAST! It is no longer necessary have *three* Meilicke Calculators at and for each operative, when only e of the models illustrated here will lculate one, two, or three rates,— d tell elapsed time as well!

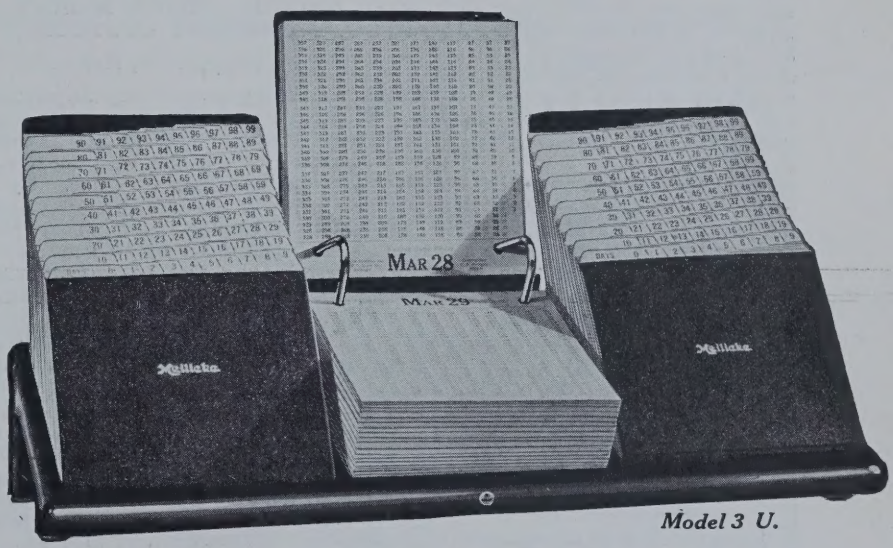
hese new Meilicke Calculators are mply combinations of the models ost in demand in loan offices. If ou charge *more than one* rate of in- rest, you save money, time, desk- ace, and trouble.

he new model Meilicke Calculator, hich you indicate on the coupon, is ady and waiting for you for 10-day ee trial.

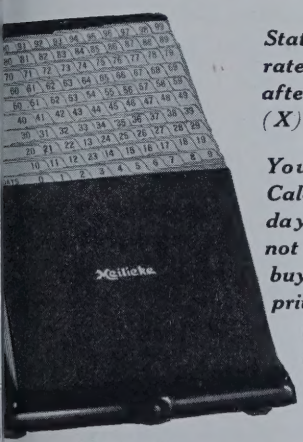
MODEL 2 U. Furnishd either as Combination Time and Interest Calculator, or two Interest Calculators.

MODEL 3 U. Furnished either with two Interest Calculators and Time Finder (as shown), or three Interest Calculators.

MODEL U. Furnished as either Time Finder or Interest Calculator.



Model 3 U.



Model U.

State your interest rates on the coupon after the Model (X) you need.

Your accepting a Calculator on 10-day free trial does not obligate you to buy; you have the privilege of returning at that time at our expense.

Meilicke Systems, Inc., 3462 N. Clark St., Chicago

Please send us, on 10-day free trial, a

- ☐ Model U___% Interest Calculator, $40.00
- ☐ Model 2U___% ___% Interest Calculator, $80.00
- ☐ Model 2U ___% Time and Interest Calculator, $80.00
- ☐ Model 3U___% ___% ___% Interest Calculator, $120.00
- ☐ Model 3U___% ___% Time and Interest Calculator, $120.00

Firm .....

Address .....

Attention of .....

Meilicke

Time Saving Devices

Meilicke Calculators are made for the following rates:
1½%, 1¾%, 2%, 2½%, 3%, 3½%.

Fill in the rates required and check the one you want.

HOW TO GET YOUR CUSTOMERS TO PAY PROMPTLY

H. B. HAWTHORNE, *Logansport*

There are two very essential things to be taken into consideration if one expects to make prompt collections on loans —namely: The making of a loan—and watching all accounts in order to keep close contact with the borrower.

In making a loan you should first consider the borrower's income, how large a family he has, and other obligations he is required to meet. If you take all these things into consideration, you should be able to determine the size of loan your borrower can repay without any trouble. No matter how much security he may have, I feel that we are doing him an injustice, as well as ourselves, if we loan him a larger amount than his income justifies. Explain to him that the time of payments is optional, whether it be each week, every two weeks, or monthly. Impress it upon his mind that he must make his payments at the time he receives his pay.

In order to keep track of my collections, I keep all past due collection cards together; and each morning go through them to see if they have given an explanation why they haven't made their payments or if they have had a reasonable length of time to make it. If no report is made, I send a past due notice, then wait two days; if I still do not get results, I call at the home to find out the delay—whether sickness, out of work, neglect, or change of address. I try to impress it on them that if for any good reason they cannot pay, it will save time for me and embarrassment for them, if they will notify me. I have never made a practice of carrying a straight time loan more than fifteen days past due, as they have had ninety days to get prepared to meet the payment. I feel that they should meet their obligations with a loan company just as promptly as they would with a bank.

Loan Offices Wanted

Will Buy Individual Offices or a Chain of Any Size

Outright Purchase

or

Participation in Ownership

Write

E. D., Box 778
Industrial Lenders News
Harrisburg, Pa.

MEETING SCHEDULE

DISTRICT OF COLUMBIA—Washington, December 16. National Board of Directors' Meeting.

RHODE ISLAND—Providence, January 16.

CONNECTICUT—New Haven, January 18.

GEORGIA—Atlanta, January 20.

OHIO—Columbus, January 22.

MASSACHUSETTS — Boston, January 25.

LOUISIANA—New Orleans, January 25.

ILLINOIS—Chicago, January 30.

PENNSYLANIA—Pittsburgh, February 12.

MICHIGAN—Ann Arbor, April 17.

STATE ASSOCIATION SECRETARIES

Is your next meeting properly listed above? Following that, when and where will you next meet.

If you would like your meetings well attended it is important that the dates do not conflict with the time set by other State Associations.

SELLING MORE MONEY TO PRESENT CUSTOMER

FRED DAVIES, *Kokomo*

In selling more money to present customers, I would say that one of the most important things is to get as well acquainted as possible with them so that you can call them by name. By doing so they will feel free to come to you for advice regarding their money matters. When a customer only wants to pay interest, stating that he cannot make the principal payment as he has another debt that must be paid at this time, here is a good opportunity to use a little salesmanship. Ask him if he doesn't have several of these small bills and suggest that by making him a new loan large enough to pay all of them, there would be nothing due for one month on the new loan and by doing this he keeps his credit good and the extra cost would be very small. When taking a payment from a customer whose loan you would like to increase and to whom you have recently sent a letter, ask him if he received the letter stating that he could get more money. Also when a customer's account is paid down it is always well to suggest to him that we would be glad to increase his loan at any time he might be needing some additional money as his credit is already established with our company. Letters and advertising are all right but in this day and age it takes personal attention to get the business. Courtesy is also another important factor in selling more money to present customers. The person talking to the customer should be courteous, tactful and try to be of service at all times.

In conclusion will say that the loan man who knows his customers, greets them with a friendly smile and gives good service, makes it easy for them to ask for money. He will have no trouble selling more money to present customers, bearing in mind that all increases must only be made for worthy and necessary purposes.

Five Dollars a Month Brings this Advertising Service

For the profit from one small loan you can put new, money-making business on your books, save hours of worry over advertising problems, and spend this extra time taking care of increased business.

"Winter Written" advertising has been making profits out of all proportion to cost for Industrial Lenders all over the country for six years. Here is what you get each month in the Industrial Lenders Advertising Service:

Eight Classified Ads,
Six Display Ads Complete with Mats,
Old Customer Letter,
Present Customer Letter,
New Customer Letter,
Prospect Letter,
Collection Letter,
Monthly Cost Analysis Sheet.

Our line of business building folders has never been more complete. Write for samples of folders and service.

A. H. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES IOWA

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PERSONAL FINANCE NEWS

PUBLISHED BY THE AMERICAN ASSOCIATION OF PERSONAL FINANCE COMPANIES

★ ★ ★

XIV, No. 7 January, 1930 $1.00 per Year

THE LIBRARY OF THE
APR 8 1930
UNIVERSITY OF ILLINOIS

The Trend of Our Affairs

THE American Association of Personal Finance Companies is not a new organization even though it has a new name, a new constitution, a new form organization, a new headquarters, a new lget, and a new staff. It is the creature and vant of the same membership.

ts history is one of notable achievement, rked by the foresight of its founders and the loyalty and cooperation of all those who have guided its course. Its constant progress will be lt most securely upon the continuing pur-es and ideals of the past. The present staff ds and constantly will seek the aid and as-ance of all members in order that the use-ness of the Association may be enhanced.

The Past a Guide to the Future

★ ★ ★

Membership signifies more than mere con-ution to the Association's budgetary re-rements. It is a manifestation of interest common problems and of purpose to achieve mon aims—demonstrating the power in-ent in this business to shape its own destiny. ited effort will assure that the trend of our airs shall be within our own control.

t is with this conception that the national chairman of the membership committee and the associated chairmen of the state campaigns have entered upon their effort to increase by half the present representation of the business in the Association. The energy with which they have approached this effort leaves no doubt of their success. In their task they deserve, and in gratifying degree are receiving, the unwavering support and encouragement of present members in all parts of the country.

★ ★ ★

The new headquarters have been established at 712 Tower Building, Washington, D. C. To extend a welcome to members is unnecessary. These are *your* headquarters.

★ ★ ★

The present current of events in New Jersey has produced aspects of interest and significance to all engaged in this business. The two competent and impartial reports, reviewed extensively in this issue, present facts and rational conclusions with calm restraint and clear conviction. They establish the indispensable character of small loan service in every community and should cheer our efforts to carry the truth to every open mind.

Two New Impartial Surveys

National Organization

1929-30

A. P. SNITE, *President and Chairman of the Board*
30 W. Washington St.
Chicago, Illinois

T. M. KAUFMAN, *Vice-President*
312 Guaranty Building
Indianapolis, Ind.

W. FRANK PERSONS, *Exec. Vice-Pres.*
712 Tower Building
Washington, D. C.

T. J. HARRISON, *Treasurer*
Paramount Theatre Bldg.
Waterloo, Iowa

EDGAR F. FOWLER, *Secretary*
712 Tower Building
Washington, D. C.

DIRECTORS

*G. J. BADGER,
40 Journal Square,
Jersey City, N. J.

NORMAN BUCKNER,
305 Pontiac Bank Bldg.,
Pontiac, Mich.

*L. C. HARBISON,
919 N. Michigan Ave.,
Chicago, Ill.

A. V. HART,
411 Denckla Building,
Philadelphia, Pa.

W. S. HERRON,
404 Denckla Building,
Philadelphia, Pa.

D. L. HOOPINGARNER,
2 Lafayette Street,
New York City.

F. B. HUBACHEK,
919 N. Michigan Ave.,
Chicago, Ill.

T. M. KAUFMAN,
312 Guaranty Building,
Indianapolis, Ind.

*GEORGE W. KEHR,
10 S. Market Square,
Harrisburg, Pa.

F. H. LOVEGROVE,
100 Bank Street,
Bridgeport, Conn.

C. G. MUELLER,
220 S. 16th Street,
Philadelphia, Pa.

L. K. OSBORNE,
1506 Buckeye Bldg.,
Columbus, Ohio.

HARRY PALMER,
119 N. 7th St.,
St. Louis, Mo.

*F. L. THOMPSON,
206 First Methodist Bldg.,
Shelbyville, Ind.

*C. H. WATTS,
2 Lafayette Street,
New York City.

* Member of the Executive Committee.

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Legislation: A. V. HART,
Denckla Bldg.,
Philadelphia, Pa.

Membership: H. G. HOPSON,
220 S. 16th St.,
Philadelphia, Pa.

Law: F. B. HUBACHEK,
919 N. Michigan Ave.,
Chicago, Ill.

Finance: W. A. ZUMPFE,
701 Odd Fellows Bldg.,
Indianapolis, Ind.

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COLORADO—W. W. Kirby,
Gas & Elec. Bldg., Denver.

CONNECTICUT—W. C. Kendrick,
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FLORIDA—W. C. Tinsley,
608 Tampa St., Tampa.

GEORGIA—R. R. Lanham,
61 Poplar St., Atlanta.

ILLINOIS—L. C. Harbison,
919 N. Michigan Ave., Chicago.

INDIANA—W. B. Nichols,
Clinton.

IOWA—William DeBeaulieu,
Frankel Bldg., Des Moines.

LOUISIANA—Leo Heyman,
Canal Bank Bldg., New Orleans.

MAINE—C. J. Bernstein,
14 State St., Bangor.

MARYLAND—J. L. Rosenfield,
Equitable Bldg., Baltimore.

MASSACHUSETTS—S. E. Blandford,
35 Chauncey St., Boston.

MICHIGAN—W. G. Stevens,
First Natl. Bank Bldg., Detroit.

MISSOURI—H. F. Reilly,
Midland Bldg., Kansas City.

NEW HAMPSHIRE—H. A. Rouillard,
71 W. Pearl St., Nashua.

NEW JERSEY—Vernon L. Buchman,
Wilkinson Bldg., Trenton.

OHIO—W. W. Hamilton,
Buckeye Bldg., Columbus.

PENNSYLVANIA—A. V. Hart,
Denckla Bldg., Philadelphia.

RHODE ISLAND—W. G. Wood,
268 Westminster St., Providence.

TENNESSEE—W. B. Richards,
301 W. Vine Ave., Knoxville.

VIRGINIA—J. J. Price,
Mountain Trust Bank Bldg., Roano

WASHINGTON—J. W. Todd,
105 W. 8th St., Vancouver.

WEST VIRGINIA—F. H. Withrow,
27 Arcade, Charleston.

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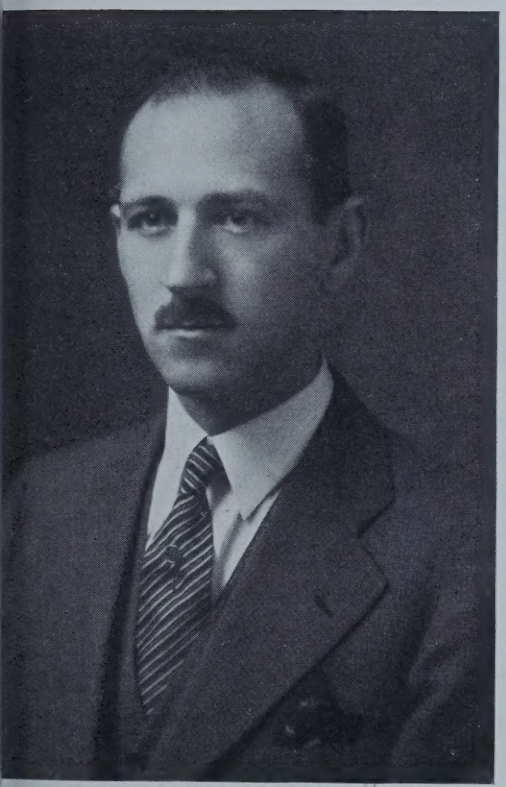
)ne Family in Five Uses New Jersey Small Loan Service



VERNON L. BUCHMAN
ident, New Jersey Industrial Lenders Association

Broad Social and Economic Basis of Business Established in Factual Report by Dr. Willford I. King, Noted Statistician

A STRIKING new light was thrown upon the facts, practices and important economic and l aspects of the small loan ness in New Jersey by a sta- al study and report by Dr. ford I. King, secretary of American Statistical Asso- on, which recently was e public by Vernon L. Buch- , president of the New Jer- Industrial Lenders Associa-

ndertaken as a sequel to an stigation which last year resulted in the New Jersey Legislature amending the small loan law to reduce the maximum rate of interest to 1½ per cent per month, the King study became public information on the eve of a campaign by the New Jersey Association for constructive additions to the state's small loan law, including restoration of the maximum interest rate to the previous level of 3 per cent per month. Especial interest attaches to the Association's effort in view of the fact that the rate-reducing amendment becomes effective February 15.

Conclusions

Dr. King's investigation covered the social and economic, as distinguished from the operating aspects of the business. The principal conclusions of his report are summarized as follows:

(1) At a given time, 110,000 borrowers have loans averaging $170 each, and totaling $19,000,000, from the 429 licensed small loan companies; over the course of a year, one family in five of the 800,000 families in New Jersey uses this service.

(2) The average borrower repays his loan in about nine months, at a total cost of $29 in interest—*less than five days' earnings.*

(3) These 429 companies are the only source of financial credit available to persons offering only household furniture as collateral, who are unwilling or unable to obtain endorsements by property owners or responsible friends.

Management

(4) Management of the licensed companies is vested, in general, in the hands of *"a fine type of business men, drawn usually from the older American stocks,"* and their dealings with customers are *"marked by courtesy and consideration."*

(5) A rate of 3% a month is necessary and justifiable, in view

of the expense of operating the business, the experience of New York under a rate of 2% plus certain fees, and the declaration by one New Jersey company with a 2½% rate that it can not afford to make loans under $100 on that basis.

Dr. King, professor of economics in New York University, as well as secretary of the American Statistical Association, had had no previous connection with the business. He undertook the study at the request of President Buchman after the legislative investigation conducted by the Davis Commission had developed testimony concerning allegedly excessive profits.

Basis of Study

President Buchman, in a letter of October 16, 1929, requested Dr. King "to make a thorough and impartial study of the essential social and economic facts" concerning the business, in the course of which "the members of this Association will place all records in their offices fully and freely at your disposal," and "you may select and employ your own assistants, report the honest facts and submit your findings without fear or favor."

According to Dr. King's report, the study was precisely that—"thorough and impartial"—and the findings were reported without influence by any interest involved. "This agreement has been carried out in spirit as well as in letter," declared the author, "and at no time has any suggestion been made that the investigators should do anything except endeavor to find and present the facts as they exist. Any skeptic who is inclined to doubt the validity of any of the findings can readily convince himself of their accuracy by looking into the facts personally. All records of the investigation are open to inspection by anyone interested."

An interesting sidelight on the study, disclosing that at least one field worker had some doubts concerning the Association's absolute openness of purpose, is developed in the published report of Arthur T. Brown, one of the investigators. In a letter to Dr. King, Brown said:

> "In approaching this task, I expected to find some lack of frankness on the part of the companies, or some of them. I was amazed to find, insofar as the company officers were concerned, not a single trace of unwillingness to show me whatever I asked for, or to explain fully any question I might ask. Neither did I discover any attempt to cheat the customers or to deal with them in other than a strictly honest and businesslike manner."

Errors Both Ways

Another element in the Brown report—in itself an eloquent commentary upon the true character of the investigation—is found in his declaration:

> "In a number of cases, I discovered that the office records of the companies did not exactly co respond with the records on t cards handed in. There was, ho ever, no evidence whatever of a plan to deceive, all of the erro being of the type that would nat rally creep in when a large nu ber of records had to be copied a very brief period of time. T commonest error was in the a ditions of the amount of inter paid. These errors, however, often made the amount too lar as too small, showing conclusiv that there was no intent on t part of the loan offices to misst the facts."

Thoroughnes

The thorough of the study is flected in the st tical methods u Description of t may have va From among the licensed compa Dr. King selec 30, which co tuted a fair sa on the basis of of business, graphical locat (large or sm city), and of cl or independent o ership. Records tually were obta from 29 compa involving data on 24,846 lo

Two types of data sought: (1) Card records every loan outstanding at time of the investigation, i cating the number of the count, borrower's monthly come, borrower's occupa reason for making loan, am borrowed, date of loan, am of interest and principal p and amount of principal due; (2) card records of e account closed between M 31, 1929, and October, 1929 dicating the same data as a and, in addition, a statemen total interest paid and the of final payment.

Returns Analyzed

Field investigators aud the card returns of each

Character of Report

THE principal questions which it answers are:

- Who are the people that borrow from small loan companies?
- Why do they borrow?
- What are the characteristics of loans, in point of size, duration and cost?
- What are the characteristics of the licensed companies examined?
- What is the public interest in small loan companies?

The comprehensive report of Dr. Willford I. King is an impartial, dispassionate fact study of unprecedented scope, made by a competent authority whose last concern was where the chips might fall.

. The cards were analyzed the data classified for a va- of purposes—occupations orrowers, influence of occu- n and income upon size and tion of loan, amount of in- t paid, purposes of loans, ion between size of com- and character of loans and sis of losses. The results expressed in statistical ta- and charts.

Scope of Service

to scope of the business in Jersey, Dr. King reported:

ere are in New Jersey 429 small offices operating under Chapter he Laws of 1914. They are per- to loan not more than $300 to ne borrower, at a rate not ex- g 3 per cent per month on un- balances. They are not allowed rge any fines or fees of any On November 30, 1928, these Jersey concerns had loans out- ng amounting to $19,001,151. verage loan is around $170. pears, then, that at the date ned more than 100,000 persons orrowing from these companies. they usually loan only to mar- ied men, and since there are some 0 families in New Jersey, it s that, at any given moment, mily in eight is borrowing from l loan company. The proportion ilies making such loans at some uring the year would be much than one in eight."

Cost of Service

he King report on New Jer- small loan companies, cov- ng loans to nearly 25,000 rowers, indicated that the rage size of loan is $168.

he characteristics of loans, varying monthly income sses of borrowers, were de- oped as follows:

	Average amount	Av. days duration	Average interest
er $100.00	$114	290	$17.39
$119.99	126	279	21.26
139.99	140	278	23.03
159.99	155	278	26.43
179.99	164	278	28.13
199.99	170	277	29.00
219.99	198	294	35.34
239.99	191	284	32.15
259.99	205	283	34.83
279.99	200	260	35.26
299.99	209	285	39.06
and over	239	270	40.06
ncomes	$168	281	$28.60

Who Borrows?

Who are the people that patronize the small loan companies?

Are they confined to the lower levels of the social scale? Are they merely the shiftless, irresponsible elements of the community?

Decidedly not. They are your neighbors, the people right in your own office.

Dr. King classified the occupations of borrowers as follows:

Occupation	Per cent	
EMPLOYERS AND SELF-EMPLOYED:		
Non-Professional	19.86	
Professional	1.08	
		20.94
EMPLOYEES:		
Professional	3.54	
Managerial	5.69	
Agents, etc.	4.77	
Salespeople	1.44	
Clerical workers	5.84	
Guardians of Public Safety	2.88	
Servants	7.55	
Other manual workers	47.35	
		79.06
ALL OCCUPATIONS		100.00

Rate Aspects

Dr. King reached the conclusion that a maximum rate of 3 per cent a month was necessary to attract stable capital investment in the business in New Jersey, assure compliance with regulations and provide necessary credit service to the community. Relating his investigation of rate aspects to the New Jersey situation, he said:

"An amendment to the New Jersey law reduces the legal rate from 3 per cent to 1½ per cent per month after February 15, 1930. If New York experience can be accepted as a criterion, it appears that, after the date just mentioned, unless the law is modified, most of the small loan companies will be forced out of business and the majority of their customers will, perforce, have to seek another source of credit. Many of the same class of borrowers in New York borrow from 'loan sharks,' operating illegally, and charging exorbitant rates, some loans being made at rates as high as 20 per cent per month.

"New York experience seems to indicate a 2 per cent per month rate is too low to enable the small loan companies to extend service to any considerable proportion of the would-be borrowers, for in New York only 17 companies—and some of these semi-philanthropic concerns—with an invested capital of $777,000 are able to operate. This number may be contrasted with the 429 companies with total assets of $22,600,000 doing business in New Jersey.

"The fact is, then, apparently well established that any drastic reduction of the loan rate automatically makes it impossible for persons not classed among the highest grade of risks to secure loans from legal concerns, and also makes it difficult for even this selected group to borrow such small sums as $50, $100 or even $200."

Social Aspects

Dr. King developed the fact that the social implications of the business are broader than the relationship of lender to borrower. "The small loan companies," he said, "come to the aid of business men, as well as employees, in times of emergency when ready cash is at a premium and gilt-edge security lacking. Their existence enables the needy borrower to obtain a loan on a business basis without appealing to friends or forfeiting his self-respect." But, beyond and above those considerations, he declared:

"Another important service rendered by small loan companies is not to

(*Continued on page* 6)

Not for Flivvers!

You have heard this one at some time or other: "Public policy should not support small loan companies in lending money at high interest rates to support persons of small means in extravagant habits and to make down payments on automobiles, pianos and jewelry!"

Almost convincing; but, fortunately, *not true.*

The King report showed that 25,000 typical persons in New Jersey used the services of small loan companies for these purposes:

Reason for loan	Per cent of borrowers
Expenses from illness or death	10.99
Liquidation of other debts	32.36
Business expenses	10.03
To assist friends or relatives	1.55
Current expenses	36.44
Combination of purposes	8.02
Miscellaneous	.61

the borrower, but instead to the merchants and professional men of the state.

"Customers, patients, or clients who have not paid their bills for a long time take out loans with a small loan company and liquidate their outstanding debts with the proceeds. This plan secures ready cash for the merchant, physician, or lawyer, and saves him the troublesome, annoying, and costly process of collecting in driblets the amount owed him."

Management

Important data and conclusions concerning the type of management of New Jersey companies, and concerning their dealings with customers, were developed in the course of the report. In this connection, Dr. King declared:

"The small loan companies must be thought of as being the bankers of the common people. Their offices are unpretentious as compared with those of commercial banks, but they are neat, orderly places of business. Their accounts are systematically kept. Their managers are, in general, a fine type of business men, drawn usually from the older American stocks. The subordinate employees are of about the same grade as those found in banks. Dealings with customers are, so far as observed, marked by courtesy and consideration.

"It is said that 'loan sharks' of the old-fashioned variety never willingly allowed a borrower to pay off his loan—that by one pretext or another, payment was delayed and the loan continued to grow larger and larger. The evidence seems to prove conclusively that such practices are not indulged in by the small loan companies with which this investigation is concerned."

Consumer Credit

Dr. King made the following appraisal of the place of the small loan company in the American scheme of economic organization:

"The small loan companies of New Jersey undoubtedly play an important part in determining the amount and character of consumers' credit available and utilized in New Jersey. As we shall see, a large proportion of the money loaned by these companies goes directly or indirectly to pay for goods used for direct consumption. It seems wise, therefore, to devote some attention to the merits and demerits of credit of this type.

"The question of consumer credit has recently been dragged from obscurity into the spotlight, and students of economic science have been discussing it freely. While in the past most economists have been agreed that borrowing for business purposes is essential for industry, as it is at present organized, many of them have felt that it is socially undesirable for consumers to borrow extensively for personal needs. They have held that such borrowing leads to extravagance and overspending, thus preventing the borrower from accumulating the resources necessary to enable him to enter business or to tide him over in periods of disaster.

"Recently, how certain leading au ities have expresse view that it is dis ly beneficial to the lic to have credi tended freely to consumer. Advo of the latter idea tend that abundan sumer credit is u in tiding over gencies, including employment, that ables the newly lished family to the comforts of li stead of skimpin years before it ca nish a home, and by keeping up spe in times of unem ment, it lessens th verity of busines pressions.

Credit Use

"Presumably truth lies some between these tw vergent views. most of us pro feel that it is bad icy to buy luxuri credit, there agreement as to articles are to be cl as luxuries. Ther few people who never been compel seek credit in the emergencies of This does not however, that it part of wisdom t fine clothing, jew and pianos on th stalment plan.

"Though, in community, there many persons to whom the id purchasing consumers' goods time" is anathema, the fact re that, without regard to what m the correct theory, a host of p habitually buy on credit. Cert the oldest inhabitants cannot re ber a time when their local mer did not have on his books a fraction of the families of the n borhood.

"Recently, the chain store has ularized the idea of paying cas groceries and many other typ merchandise. To a considerabl tent, then, mercantile book-credi diminished in amount. The shri in this field has, however, bee companied by a great increase i stalment buying. The advertise in the magazines lead one to b that the whole business world i gaged in an attempt to entic consuming public into buyin credit.

"If purchasing consumers' goo credit is unwise, we must, then, the great majority of the popu for indulging in this foolish pra

Basis of the King Report

The exact basis upon which the New Jersey Industrial Lenders Association retained Dr. Willford I. King to make an independent, impartial study of the operation and practices of small loan companies in the state is shown by the following letter:

October 16, 1929.

Dr. Willford I. King, 530 Commerce Building, New York University, 236 Wooster St., New York City.

DEAR DR. KING:

The New Jersey Industrial Lenders Association desires to employ your services to make a thorough and impartial study of the essential, social and economic facts concerning the "small loan" business in the State of New Jersey. This business is conducted under sanction of Chapter 49, Laws of 1914. Those operating in this business are licensed and supervised by the Department of Banking and Insurance.

The members of this Association will place all records in their offices fully and freely at your disposal. We shall expect you to make this investigation exactly as your judgment may determine, to select and employ your own assistants, to report the honest facts, and to submit your findings without fear or favor.

You may, in your discretion, ascertain and report such facts, gained from other sources, as you may deem necessary to show the need and the consequences of this form of financial service in the community.

The purpose of this study and report is to make available to the citizens of New Jersey a true picture of the scope, service, and value of this business in furnishing credit facilities to families in modest circumstances.

Your report will be published over your signature and without change.

The expenses of this study and report, including its publication, will be paid from a fund supplied by the voluntary contributions of members of this Association, made for such purpose.

Please advise me at your early convenience whether you will be able to undertake this work, and, if so, that the conditions herein stated are satisfactory to you.

Very truly yours,
NEW JERSEY INDUSTRIAL LENDERS ASSOCIATION,
(Signed)
By VERNON L. BUCHMAN,
President.

"This agreement has been carried out in spirit as well as in letter," said Dr. King in the text of his report.

couraging consumers to go into
s a moral crime, practically the
business world must be charged
unethical conduct."

Reasons for Loans

alysis of the causes of bor-
ng, he said, disclosed the
wing facts:

at consumers' credit plays an
tant part in the small loan busi-
f New Jersey has already been
. However, the reasons why
borrow from the small loan
nies have not yet been analyzed
detail.

should be understood that the
s for borrowing tabulated are
stated by the borrowers. In
cases, of course, the borrower
ave concealed from the loan
ny the real reason for making
n. In most cases, however, the
s as given are probably ap-
nately correct.

e most important reason lead-
the negotiation of a loan is to
current household and miscel-
s expenses. Nearly one-fifth of
borrowers gave this as their
for desiring a
The percentages
approximately the
for the two races.
second reason,
the point of im-
ce, was to con-
e and liquidate
l debts. About
th of the white
vers and one-
of the colored
vers assigned this
ir reason for de-
to borrow. As to
ese various debts
the investigation
s nothing. If we
e facts, the 2,525
l under this head-
ould all be dis-
d to other cate-
. The main rea-
r inserting this
e is that it as-
in arriving at
idea of the total
of loans made
off debts.

uidate Debts

r information in-
that approxi-
one-third of all
nade are to liqui-
ebts. It may, in-
be said that the
tion of the total
t of loans going
debts is even
r, for, presum-
the larger pro-
of the loans ne-
d to pay ex-
arising in con-
with illness or
are also used to
te debts already
incurred. Under the general heading of debt payments, it would also be legitimate to include a fraction of the loans of borrowers entered under the title 'Combination of Purposes.'

"The evidence, then, indicates that, of the total number of loans, not much fewer than one-half are made for the purpose of paying off other creditors. Clearly, then, the existence of the small loan companies is a matter of marked importance to these creditors, for, otherwise, they would have to carry these claims on their books for a longer period of time and suffer all the expense, annoyance, and loss of good will incident to collecting from debtors.

Other Expenses

"It is of interest to note that one colored borrower in eleven, and one white borrower in nineteen, needed the money to pay taxes. Six per cent of the colored borrowers and nearly 3 per cent of the white borrowers borrowed the money in order to meet moving expenses and rent. These purposes play, then, a larger rôle in the case of the colored borrowers than they do in the case of the white borrowers. The colored people also borrow the more frequently to pay for funeral expenses. On the other hand, members of the white race borrow the more commonly to pay fees to physicians, dentists, and hospitals. More of the white borrowers secure the money to make payments on an automobile than is the case with the colored borrowers. Borrowing to meet business expenses is also a more important item for whites than for negroes.

"Examination of the percentages indicates that occupational groups differ very noticeably as to their reasons for negotiating loans. One-third of all loans by non-professional business men are made for business purposes, while not one-fourth of the loans of self-employed professional men have this end in view. As one might expect, business purposes are of minor importance in the case of all classes of employees.

"Loans to cover expenses connected with sickness or death play a distinctly less frequent rôle among employers and self-employed than they do among employees. This reason is also less common with professional than with non-professional employees. Professional employees, more than any other class, borrow to meet current expenses, this type of loan being least common among non-professional men in business on their own account."

Companies Cooperating

Here are the twenty-nine New Jersey small loan companies—large and small, chain-owned and independent, North Jersey and South Jersey—which Dr. King selected for examination, and which furnished the extensive data incorporated in his report:

City	*Company*
Paterson	W. A. Dunn Company
Englewood	Continental Finance Corporation
Hackensack	Bergen County Loan Association
Passaic	Conservative Credit System of N. J.
Bloomfield	Monroe Loan Society
Orange	Conservative Credit System of N. J.
E. Orange	N. J. Cash Credit Corporation
Union City	Industrial Finance Co., Inc.
Newark	Forward Loan and Credit Service Co. of N. J.
Newark	General Finance Company
Newark	Household Small Loan Company
Newark	Ideal Financing Assn., Inc.
Newark	National Finance Corporation of America
Irvington	Monroe Loan Society
Jersey City	Jersey City Loan Co.
Jersey City	Orient Loan Co.
Jersey City	Peoples Loan Co.
Bayonne	Personal Finance Co.
Elizabeth	Beneficial Loan Society of Union County
Plainfield	Beneficial Loan Society
Somerville	Somerset Loan Company
Bound Brook	Martin S. Kissel
Perth Amboy	Industrial Loan Society, Inc.
Asbury Park	N. J. Cash Credit Corporation
Trenton	American Equity Corporation
Camden	American Loan Company
Bridgeton	Household Finance Corporation
Millville	Personal Finance Co.
Atlantic City	Atlas Loan Society

The Managers of These Companies Deserve Your Thanks!

Value of Report

Embracing 100 pages of text matter, charts and tables, the report has value and uses considerably broader than the purposes contemplated when it first was planned. It observes a sufficiently large cross-section of the small loan business to have authoritative standing in other similarly situated states.

(Copies of the King report may be obtained from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. Price, 25c per copy.)

Rate of Net Earnings Moderate in New Jers

Other Retail Businesses Showed Larger Return on Invested Capital—Report by Pace, Gore & McLaren

INCONTROVERTIBLE facts of nation-wide significance concerning an aspect of the small loan business which is the center of most of its legislative difficulties, but for years has been the subject of conflicting opinions rather than established facts — *capital investment, expenses and net earnings* — are presented in clear, understandable fashion in a report just completed by Pace, Gore & McLaren, of New York, an internationally known firm of certified public accountants.

Pace, Gore & McLaren audited the public reports of the 429 small loan offices for 1927-8. In addition, they audited the books of the chain companies. They reached these conclusions:

(1) The earnings of the 273 licensees for whom full data were available, in 1927-28, amounted to 13.3 percent on the capital of the business.

(2) Such earnings are less than the average for other retail businesses dealing with the same class of people—variety stores, department stores, apparel stores, drug stores and grocery stores.

(3) The same companies would have earned only 1.2 percent on the capital of the business in 1927-28 if their gross income had been limited by a maximum loan rate of 1½ percent per month, that which becomes effective February 15, 1930, under the terms of the 1929 amendment to the 1914 small loan law.

Background of Report

The audit and report were made at the request of Vernon L. Buchman, of Trenton, president of the New Jersey Industrial Lenders' Association, for the purpose of developing and assembling authoritative data relative to the profits of the small loan business in that state. They will be used in the New Jersey Legislature in support of the Association's effort to reinstate a maximum rate of interest of 3 per cent a month on unpaid balances. By an enactment year, the legislature reduce maximum permissible rate 3 per cent to 1½ per ce conformity with the recom dations of a legislative co sion which had inquired profits of the small loan bus in the course of an investig of the Department of Ba and Insurance.

The circumstances u which the accountants' r was made are indicated in ter from Buchman to th counting firm in which h quested that "an impartia vestigation and report" be concerning the entire fina side of the business, but cially with reference to poi the commission's investig which the Association bel to be unwarranted. Those p were:

(1) Whether excessive pro larger than earnings of simil situated businesses, had made in operations conducte the 3 per cent rate in force du the 1927-8 period.

(2) Whether the charges se by large chain companies to c expense of auditing and supe sion of branch offices were a trary and excessive.

(3) Whether the business c be conducted, as indicated by commission, at a rate of 1½

it with sufficient profit to give reasonable return on capital d to assure adequate small loan vice in the various communities the state.

Details of Study

or the purpose of the inves- ion, the accountants divided sworn reports of the licensed panies into two ses, those of in- endent compa- and those of n-owned offices. findings made result of the t, in the order which they were loped in the re- , are:

) As of November 28, there were 377 endent companies 52 chain licensees.

) The total tangi- apital (all assets t franchise, good capital stock sales se and business opment expense) $21,414,212, of $13,555,587 was by independent anies and $7,858,- by chain-owned s.

The total tangi- apital of 324 inde- nt companies and ain licensees for full accounting were available was 55,587 and $7,858,- respectively, a to- f $18,914,212. The figures were used subsequent earn- computations.

ing to the ques- of employment apital, the ac- tants prepared solidated state- of assets for chain and independent com- es. Its significant items :

4) Loans outstanding at the of the year totaled $18,- 210, of which the independent panies had $11,390,495, and chain-owned offices $7,493,265.

Size of Loans

analysis of loan operations ated that, while the inde- pendent companies made the larger number of loans, the chain-owned offices made individual loans in slightly larger average amount. The figures follow:

(5) Loans outstanding at the beginning of the period: independent companies, 55,731 accounts of an average of $120.08, and chain companies, 43,239 accounts of an average of $116.52.

(6) Loans during the period: independent companies, 89,060 loans of an average of $163.68, and chain companies, 76,374 loans of an average of $167.38, a total of 165,434 loans of an average of $165.39.

Earnings data were tabulated only for licensees which were in operation at both the beginning and end of the period, and for which complete data were available. These numbered 273, of which 228 were independents and 45 were chain offices. To reduce the various accounting systems to a uniform basis for earnings' computations, no account was taken of business development expense, amortization of stock sales expense, or interest paid on borrowed funds. The earnings data follow:

(7) Total gross income was $4,203,380, expenses $2,259,959, and net income $1,943,421, a return of 13.3 per cent on employed capital.

(8) Gross income of independent licensees was $2,065,671, expenses $1,270,061, net income $795,610, or a rate of return of 9.87 per cent.

(9) Gross income of chain licensees was $2,137,709, expense $989,898, net income $1,147,811, or a rate of return of 18.07 per cent.

Earnings

Compared with Other Retail Businesses

With reference to the published assertion that "the return on the big chain companies' invested capital is more than twice that on investments in ordinary industrial enterprises," the accountants examined the four companies controlling chain offices and found that the earnings of the chain-owned loan companies actually were less than those of comparable retail businesses. The comparison, covering the year 1928, follows:

Name of Company	*Rates of earnings on capital invested*	*Rates of earnings on capital employed*
Variety Stores:		
F. & W. Grand	16.1%	15.2%
S. S. Kresge Co.	21.8	16.9
S. H. Kress Co.	20.3	18.9
Department Stores:		
Associated Dry Goods Corp.	8.8	8.7
May Department Stores	12.8	10.1
J. C. Penney Co.	28.0	23.4
Apparel Stores:		
Best & Co., Inc.	17.3	13.2
S. M. Goldberg Stores, Inc.	13.3	9.0
National Bellas Hess	20.1	14.4
Drug Stores:		
Owl Drug Co.	11.0	8.5
Walgreen Co.	25.7	22.4
Grocery Stores:		
Kroger Grocery & Baking Co.	16.7	13.6
Dominion Stores, Ltd.	22.6	14.4
National Tea Co.	22.3	14.6
Average, Other Businesses	**18.6**	**15.2**
Small Loan Companies	**16.9**	**13.8**

Real Return Less

In contrast with this operating income of 18.07 per cent for chain companies, the report declared that "examination of the accounts and records of the chain licensees for the calendar year 1928 indicates that those licensees earned 13.8 per cent of the average amount of tangible capital employed by them during 1928."

This difference is accounted for, mainly, by the fact that "the chain licensees were not charged by their home offices with, and therefore did not report, all the general expenses, including federal income taxes,

that were properly chargeable to them."

Lower Rate's Effect

One of the highlights of the Pace, Gore & McLaren report was the showing of the rates of earnings that would have occurred under a rate of 1½ per cent interest on unpaid balances, as provided in the amendment of the New Jersey law effective February 15. The rate of return for the companies on that basis would have been:

Independent licensees	.74 per cent
Chain licensees	1.79 per cent
All companies	1.20 per cent

Classifying the companies on that basis, however, it was disclosed that:

(10) 84, or 36.85 per cent, of the 228 independent licensees, having $3,851,408, or 43.26 per cent, of the total of $8,903,993 of tangible capital employed and $3,315,053, or 42.01 per cent, of the total of $7,891,655 of loans carried by the independent group at November 30, 1928, would have lost $221,723.

(11) 14, or 31.11 per cent, of the 45 chain licensees, having $1,793,061, or 24.05 per cent, of the total of $7,464,659 of tangible capital employed and $1,709,966, or 23.77 per cent, of the total of $7,194,877 of loans carried by the chain group at November 30, 1928, would have lost $62,246.

(12) 98, or 35.9 per cent, of the 273 independent and chain licensees combined, having $5,644,469, or 34.47 per cent, of the total of $16,368,652 of tangible capital employed and $5,025,019, or 33.31 per cent, of the total of $15,086,532 of loans carried by the two groups at November 30, 1928, would have lost $283,969.

Expense Bona Fide

With reference to the supervision and auditing expenses charged by chain companies against their respective offices, the report declared:

(13) "The investigation indicated that such expenses were bona fide and justified by the nature and scope of the operations of the companies and, in our judgment, they had been apportioned equitably to the various offices throughout the country. We do not, therefore, think that such expenses were arbitrary."

(14) "The fact, previously stated, that the entire amount of expenses and charges properly chargeable to the New Jersey offices of the chain companies was not so charged and therefore not stated in the reports of those offices to the Commissioner, indicates that the New Jersey offices of the chain companies did not overstate their expenses in prepairing their reports to the Commissioner."

Relative Earnings

The audit compares earnings of the New Jersey chain companies with the earnings of well-established companies in other lines of retail business which deal with the same classes of people. The comparison, shown in the table on the preceding page, indicates that the average return of leading units in five other classes of business—variety stores, department stores, apparel stores, drug stores and grocery stores—was larger than that of the chain small loan companies.

Remember, that . . . .

In using the report of Pace, Gore & McLaren upon the financial operations of New Jersey small loan companies for comparative purposes in other states, these facts should be recognized and accorded due emphasis:

The earnings of small loan companies upon invested capital in New Jersey should be higher, and substantially higher, than earnings in most other states, because of the conditions under which the business operates in New Jersey.

The factors leading to this conclusion are (1) density of population; (2) compact areas of cities; (3) long established character of the business, and (4) larger percentage than is usual of industrial population of the type which customarily patronizes small loan companies.

Those four factors tend to keep available capital at work in greater degree than is possible elsewhere, to permit the employment of larger amount of capital per office, to reduce collection and inspection expense, and to enhance the value of good will.

The accountants concluded

"The percentage of the c bined net income for the y 1928 of the New Jersey offi of the chain companies of combined average of the ta ble invested capital of those fices for the same period 16.9 per cent. Compared w the other comparable compan whose average rate was 18.6 cent, the New Jersey offices the chain companies do not se to have enjoyed an inordinate turn on their invested capit

Buchman's Letter

In the letter from Buchma Pace, Gore & McLaren, the p ident of the Association said

"The New Jersey Indust Lenders Association wishes engage your services to make impartial investigation and port of the small loan busi conducted in the State of N Jersey during the period fr December 1, 1927, to Novem 30, 1928, inclusive. We refe the business licensed and c ducted under the authority Chapter 49, New Jersey Law 1914. The purpose and scope the investigation are stated low, prior to which we call y attention to the following r vant facts.

"Pursuant to Joint Resolu No. 1, Laws of 1928, the Le lature of New sey authorized appointment o Joint Legisla Commission 'to duct an invest tion of the Dep ment of Bank and Insurance, cerning the issu or rejection by commissioner charters to tr companies, st banks and build and loan asso tions, *and into and all other m ters relating to department.*'

"This commis included in its ac ities an inquiry the above mentic

all loan' business. ts published re- t (on pages 37 38) the follow- statements are ɔe found:

"'We have ana- l the actual figures esenting the opera- ; of several hun- of these small loan ɔanies or lenders. profits of those have exploited this le field are astound- in many cases and ıinly not contem- ɛd by the framers ıe Act.'

"'The apparent of profit made by ig chain companies, for stock promo- and other reasons interested in main- ng the present rate, been obscured by ng expenses with rary charges for rvision and audit- Even then, the re- on their invested al is more than ɛ that on invest- s in ordinary in- ial enterprises.'

"'Our investiga- has demonstrated he experience of ɛ lenders who have ɛd this field that small loan business be and has been tably conducted at s less than half the mum now allow- '

We wish to ascer- the profit, and vant facts with ɔect thereto, of small loan li- sees in New Jer- as shown by the rn reports of those licensees ne Commissioner of Banking Insurance. To that end, we n you to analyze the sworn ɔrts of the licensees and re- your findings fairly, clearly, impartially. We suggest you use the sworn reports the year beginning with De- ber, 1927, and ending with ember, 1928, because (1) ıe are the most recent, (2) were presumably the source he figures analyzed by the ıt Legislative Commission, (3) the operations of the li- sees during the period cov- by them were not influenced contemplation of legislative investigation. However, you are not to be bound by this suggestion.

"On the basis of the results of your analysis of the sworn reports, we also wish you to determine and state what the profits of the licensees would have been had the rate charged on loan balances been 1½ per cent per month.

"We further wish you to ascertain and report compositely the profits and relevant facts with respect thereto of the New Jersey offices of the four "big chain" groups for the calendar year 1928 as shown by the books of the nine companies that comprise the four groups. To that end, you will be permitted to examine the accounts and records of those companies.

"As in the case of the result of your analysis of the sworn reports of all the licensees, you will, of course, report fully, clearly, and impartially the results of your examination of the accounts and records of the above named companies.

"As a part of your examination of the accounts and records of those companies, you will please analyze particularly "auditing and supervision" expenses and state whether such expenses were "arbitrary" and whether "the rate of profit made by the big chain companies, * * *, has been obscured by loading expenses with arbitrary charges for auditing and supervision."

"You will also please state whether 'the return on their (the "big chain companies") invested capital is more than twice that on investments in ordinary industrial enterprises.' "

"We wish to make it clear that your work should be undertaken with the purpose of determining and reporting the facts fairly and understandably."

Classification of New Jersey Small Loan Companies on Basis of Rate of Earnings on Employed Capital

INDEPENDENT COMPANIES

Earnings Brackets	Licensees: *Number*	Licensees: *% of Total*	Loans Carried at November 30, 1928: *Amount*	Loans Carried at November 30, 1928: *% of Total*
No earnings	19	8.33%	$365,000	4.63%
0% to 3%	22	9.65	698,167	8.85
3% to 6%	30	13.14	961,793	12.19
6% to 9%	47	20.64	1,667,517	21.13
9% to 12%	26	11.40	987,616	12.50
12% to 15%	33	14.47	966,532	12.25
15% to 18%	19	8.33	721,775	9.15
18% to 21%	17	7.46	782,669	9.92
21% to 24%	8	3.51	330,111	4.18
24% to 27%	2	.88	343,825	4.36
27% to 30%	5	2.19	66,650	.84
Totals	228	100.00	$7,891,655	100.00

CHAIN-OWNED OFFICES

6% to 9%	1	2.22	$84,267	1.17
9% to 12%	3	6.67	299,921	4.17
12% to 15%	11	24.44	1,248,895	17.36
15% to 18%	13	28.89	1,766,420	24.55
18% to 21%	13	28.89	2,619,169	36.40
21% to 24%	4	8.89	1,176,205	16.35
Totals	45	100.00	$7,194,877	100.00

INDEPENDENTS AND CHAINS COMBINED

No earnings	19	6.96	$365,000	2.42
0% to 3%	22	8.06	698,167	4.63
3% to 6%	30	10.99	961,793	6.38
6% to 9%	48	17.58	1,751,784	11.62
9% to 12%	29	10.62	1,287,537	8.53
12% to 15%	44	16.13	2,215,427	14.68
15% to 18%	32	11.72	2,488,195	16.49
18% to 21%	30	10.99	3,401,838	22.55
21% to 24%	12	4.39	1,506,316	9.98
24% to 27%	2	.73	343,825	2.28
27% to 30%	5	1.83	66,650	.44
Totals	273	100.00	$15,086,532	100.00

(Copies of the Pace, Gore & McLaren report may be obtained from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. Price, 25c per copy.)

The Family Welfare Aspects of the Small Loan Business

An Illuminating and Searching Appraisal of the Social Aspects of Small Loan Service Based Upon Facts in Wisconsin

By MARY ROSS
Associate Editor, THE SURVEY

THE possibility of a new name and the project of a basic study of family finance were two of the highlights of the annual meeting of the American Industrial Lenders Association held in September in Philadelphia. Both measures were sponsored by W. Frank Persons, who brings to his new position as executive vice-president of the association the social background of his years with the New York Charity Organization Society, the American Red Cross and the League of Red Cross Societies, and his more recent industrial experience with the North American Company and the Milwaukee Electric Railway and Light Company.

Change of Name

The American Industrial Lenders Association has referred to its executive board the matter of calling itself the American Association of Family Finance Companies,* and in that shift of focus is mirrored an increasing recognition of the social and constructive aspects of credit, especially for families of small means who have little choice but to borrow when rainy days come. The only question for them is where and how.

When one needed money in a pinch and could walk down Main Street under the elms to consult with the gray-haired banker who had known one's family, man and boy, credit was a v different matter from what now for the wage-earner probably has neither house, b ness nor bonds on which to row, and if he has a bank, f himself an almost anonym nonentity when he faces marble doorway.

The so-called "charac loans" require endorsers or makers, and the friends of f ilies on the ragged edge are likely to be themselves in

(*Continued on page* 13)

* Since changed to American Association of Personal Finance Companies.

FEW things aid a business in th same fashion as competent, d tached appraisal and criticism. E tirely apart from the news meri and brisk style which it possesse its arm's-length impartiality is th primary value of this excellent a ticle by MARY ROSS, reprinted entirety from the October 15 nun ber of THE SURVEY, of which Mi Ross is Associate Editor.

—THE EDITOR.

mstances which permit them underwrite other people's ›ts or make them, despite good entions, reliable guarantors. e resultant evils of the loan ırk need no rehearsing; and to ›e with his depredations, some states have now passed the iiform Small Loan Act, gov- ıing loans of $300 and less de by licensed companies on ges and chattels, and limiting interest to 3½ per cent nthly on the unpaid balance.

Wisconsin Act

Wisconsin passed the uniform in 1927 and this year, when was under fire, a series of dies were launched to dis- er the experience of borrow- under its operation and to close, more fully than yet has n done, what people borrow l why, and whether or not maximum lawful interest e should be reduced. A series conclusions endorsing its sent usefulness and fairness ›ear as the result of a report sented to the legislature by a zens' research committee, un- Fred M. Wilcox of the State lustrial Commission as chair- n, and with a membership in- ding John R. Commons, of University of Wisconsin; brey Williams, secretary of State Conference of Social rk; W. Frank Persons; H. H. obs, of the University Settle- nt in Madison; Alvin Reis, a mber of the state assembly; gene Wengert, former dis- t attorney of Milwaukee; › Crowley, president of the nk of Wisconsin at Madison, l S. A. Oscar, president of Association of Commerce of t city.

This committee remarks that per cent of the gainfully em- yed have an income of less n $2,000, and families can- reasonably be expected to e on a budget that does not afford modest comforts. Put the other way around, 13 per cent of the American people own 90 per cent of the American wealth and the other 87 per cent of the people without "bankable collateral" have nothing to fall back upon in time of trouble but endorsers, chattels and wages.

Before the small loan law was enacted hundreds of families in Milwaukee were the victims of loan sharks who charged them 200 per cent or more for money, while other thousands, unable to secure credit from any source, suffered the drastic pressure of collection agencies, loss of credit and often hunger and privation.

The committee believes that the organization of credit unions —the wage-earners' cooperative savings bank and credit agency —would accomplish greater results than the organization of remedial loan societies, and might well be undertaken by the state government. But at present the state's good credit union law is ineffective because no one is responsible for promoting it, and until the greater number of families with low incomes are members of credit unions, commercial facilities for obtaining money on the security of chattels and wages are "absolutely essential to the welfare of Wisconsin families and should be operated under state license and supervision."

Purposes

People in Wisconsin don't borrow in order to buy luxuries, the committee found, but to "refinance debts," to meet the pressing demands of doctor and grocer and landlord. The bulk of the borrowers had incomes of from $1,200 to $1,800, and they borrowed on an average of $122, or about a month's income, seldom the $300 permitted under the law. The amount of money advanced is regulated by the circumstances of each family, the amount of indebtedness and the margin between income and living expenses. A financial statement prepared at the time of the application shows the applicant's debts, income, maintenance expenses, and ability to pay. Collections were made without recourse to legal proceedings, and 99 per cent of the accounts were paid in full, while very few families got behind in their payments on principal. "The licensed companies," the committee comments, "have the only plan of family budgeting now to be found in the business community."

Education

From this fact arises the possibility foreseen by the more progressive companies, of a program of education in family finance for borrowers which might be as beneficial alike to families, companies and communities as the health education of the life insurance companies has proved. Heretofore, except for the banks, there have been few commercial organizations interested in seeing that a family spent its money to the best all-round advantage; manufacturer, retailer and the like want primarily to sell their own stuff, and the family, surrounded by competing and alluring advertisements, has to pick its way as best it can. A far-sighted campaign by the lending companies would have the advantage of sharing the family's own interest in seeing its debts paid as promptly as possible, and this in turn means the best management of living expenses in the interim to permit saving without undue discomfort.

The citizens' committee found, too, that the rate of 3½ per cent a month allowed under the uniform small loan act was not in practice, as it might seem,

$42 a year for each $100 borrowed, since the interest is collected only on unpaid balances, and if the $100 is paid off during the course of a year the interest consequently would be $22.25. As a matter of fact, a study by the Wisconsin State Lenders' Association showed that most loans are paid off in less than six months. Capital has been slow to enter the small loan business, and the citizens' committee feels that at the present time it would be impossible to enforce a lower interest rate. Corporations conducting chains of offices in both large and small cities do not make more than an ordinary profit at the 3½ per cent rate until their volume exceeds the $2,000,000 mark. One large company, able to obtain capital at usual commercial rates, and dealing in preferred risks, with no loans of less than $100, already has cut its interest rate voluntarily to 2½ per cent a month.

Milwaukee Study

A cross-section of small loans is shown in an impartial study of all the accounts of twelve licensed companies in a district of Milwaukee County selected as typical. There were 1,008 borrowers here and the loans averaged $171. Almost half of the total number—46 per cent—borrowed to "consolidate existing debts," to lump into one debt to the lending company the small amounts that they had been unable to pay here and there. What are the reasons for these debts, no one knows, of course. The other listings show as the largest single cause of borrowing the need for money to meet the expenses of illness—doctor, dentist and hospital bills—which accounted for a little more than 15 per cent of the borrowers; payments on homes or homesites, 6 per cent; funds and supplies for businesses, 4.77 per cent; repairs and improvements on home, 4.36 per cent; payments on automobiles, 2.58 per cent; general current expenses of families whose breadwinner was unemployed, 2.18 per cent; moving expenses, 1.89 per cent; and education, .89 per cent. The other items, accounting each for less than 1 per cent of the total number of borrowers, were repairs on automobiles, assisting friends and relatives, travel, investment, and funeral expenses.

Occupations

The occupations of the largest number of these borrowers were classified under the mechanical trades, while the smallest representation, only 10 borrowers out of more than 1,000, were "agricultural." From the listings of public, clerical and domestic employes, of the retail trades, transportation, skilled and unskilled laborers and the professions, it would seem that the need to borrow on occasion runs straight through the whole range of these Wisconsin families of moderate means. Their incomes averaged $165 a month for the whole group, with the professional group, at $206, as the highest paid, and unclassified unskilled laborers at $122 as the lowest.

Customers' Views

In July the Wisconsin Industrial Lenders Association decided to see how the borrowers themselves felt about keeping or abolishing the law and sent a buyers' referendum to 40,000 clients of the licensed lending companies operating under the law throughout the state. The ballots were returned to an impartial citizens' committee, and brought the surprisingly large response of 13,487 replies. Of these 12,577, or more than 93 per cent, were for keeping law.

With the replies came u licited letters, which reve more clearly than volumes statistics the social importa and need of credit by what correspondent called "the s fellows." There is a glint of mor in a letter from a Janes borrower who found hospita the last straw:

"To the person trying to there own one home and fi they go or on payment and no bill a small loan great h Because just as we do pay e pennie we have over on some bill and keep everything pai we go beside we don't h much left for extra's and u pected.

"Not long ago we had w three families were coming week-end. So much rent sl ing quarters and extra eats must have $10.00 more. B don't like to loan that amo To who can one go."

Other Cases

But far more typical in picture of painstaking th and anxious self-respect is t of a painter in Brodhead, needed $160 to install a sp painting machine on which knew he could make money, could get no funds for this p pose at the bank on his only curity, his tools and his fu ture; or a householder in M waukee who borrowed to pay rent till the spring brought work again; or an old lady 65 who keeps boarders and to have money for funeral penses when her sister died; a Racine borrower confron with the Peter-Paul dilem who wrote, "I borrowed mo to pay off a grocer who charging me from 3 to 10 c more on every article I bou of him." Another Milwau client had paid out $655 in

(*Continued on page* 15)

American Association of Personal Finance Companies Is Name Selected

Appreciably more important than the fact of the change in name of the American dustrial Lenders Association to the American Association of Personal Finance Comnies were the interest and attention with which the membership received the request of e Executive Committee for suggestions of new names, reflected in the 239 responses ceived up to the close of the year.

Literally scores of names were sented in the referendum of membership. Although one ght vary from another only the difference of a single rd, each obviously was inded to carry a specific conation upon which especial phasis was placed by the mber submitting the suggesn.

On December 16, 1929, the ecutive Committee met at shington. It canvassed the ponses to its prior suggestion National Council of Personal edit Companies as the new me. Slightly more than half of the replies, 122, concurred in that proposal. Forty-one indicated a preference for the former title. Three replies were indefinite.

The remaining 73 replies expressed either lack of enthusiasm for the proposed name or a preference for some other name. In all, these 73 responses produced 96 specific suggestions. After reviewing the situation thoroughly and giving close attention to each suggestion, the committee decided upon *American Association of Personal Finance Companies.*

But the formality of changing the organization's name scarcely ended there. The thoughts, ambitions and, in some cases, ideals which appeared to underlie many of the suggestions presented genuine problems of policy to the committee, problems which inevitably will bob up repeatedly during the next few years. Some suggestions reflected the view that the organization should be primarily a service type of organization for the assistance of the membership in specific administrative problems of the small loan business. Others, apparently a substantial majority, suggested names which indicated their conception of the function of the Association as primarily one of building and maintaining sound and desirable public relations for the business as a whole.

FAMILY WELFARE ASPECTS

(*Continued from page* 14)

llments on furniture, which would have lost had he not n able to borrow $45 to meet balance when a run of hard k interrupted his regular ments; while something lit- short of financial genius is nced in a letter from a father seven, who is earning $225 a nth, carrying $9,000 life inance, and sending all his chiln through the university.

Question Rate

Many letters question whether not the lawful interest rate 3½ per cent monthly, or the er rate of 2½ per cent ofed by one company, could not reduced.

At the present time, and under present investment conditions, the citizens' research committee believed that it probably could not. Perhaps a fundamental, if distantly utopian, solution of family credit comes in a letter from Duluth, Minn.:

"At the going rate of present wages for common labor it is impossible for a man with a large family to have enough money at hand for an emergency.

"When sickness comes around these loan companies are a great help to those who *must* have money.

"P. S. A living wage for the family man and we will not need these loan companies."

The 1930 Budget

With the unanimous concurrence of the Board of Directors in the recommendations of the Executive Committee, the budget of the American Association of Personal Finance Companies for 1930 has been fixed at $125,000. The 1929 rate of dues remains unchanged, one dollar per thousand of average loan balance outstanding during the year 1929.

National Membership Campaign Is Launche

Seek Fifty Percent Increase of Membership As Objective—Vigorous Effort Started Under Leadership of State Chairmen

By H. G. HOPSON

National Chairman, Membership Committee

With the advent of the new year, the American Association of Personal Finance Companies (formerly A. I. L. A.) has launched an aggressive campaign to increase its membership to the point where the assessable outstanding loan balance shall be sufficient to carry out the program agreed upon as desirable and necessary to the best interests of the Association and its individual members.

That means that during 1930 we must add enough new members to bring the aggregate assessable loan balance to $135,000,000—or half again as much as was available for assessment during 1929. This figure is agreed to be not only necessary but entirely possible.

The plan to achieve this desired result is already developed. The national membership chairman has the cooperation of the national staff under Executive Vice-President Persons and Secretary Fowler. This plan calls for the appointment of state membership chairmen for their respective states. The names of those who have accepted appointment are indicated elsewhere in this article.

These experienced men have enthusiastically enlisted in this service to the National Association. The whole roster of st will be manned before the of January.

It is the earnest belief of who have entered into this dertaking that this growth membership is:

(1) A fundamentally impo tant preparation for the stre of the Association's responsibi ties for 1931,

(2) The essential means of a suring an adequate budget wit out radical increase of the ra of membership dues, and

(3) A healthy means of e ploying the good will and t energies of those most deep interested in the development a the success of the new activiti of the National Association.

Each state chairman will h full responsibility for organ tion and effort within his te tory. The national chairman have, from the national of assistance as desired to pro frequent interchange of meth and experiences, and to com a monthly tabulation of res achieved.

The unstinted help of all are interested — and that, course, includes all who loyal to the Association and best interests—is needed if c plete success is to follow th efforts. It is the confident pectation of those already work that the whole memb ship will loyally aid.

Watch the NEWS each mo for reports of progress. Bo your state chairman's effo Help build stronger foundati for our national work. N members are an essential p of this foundation. We a started. Join the procession

State Chairmen

Arizona	L. B. CHRISTY
Connecticut	DAVID CAESER
Illinois	A. P. SNITE
Indiana	F. L. THOMPSON
Iowa	T. J. HARRISON
Louisiana	LEO HEYMAN
Massachusetts	S. E. BLANDFORD
Michigan	NORMAN BUCKNER
Missouri	HUGH F. REILLY
Nebraska	J. H. WASSERBURGER
New Hampshire	F. A. BRODEUR
New Jersey	G. J. BADGER
Ohio	L. K. OSBORNE
Pennsylvania	WILLIAM YOUNG
Tennessee	WM. B. RICHARDS
Virginia	J. S. EDGE
West Virginia	A. H. KNOX
Wisconsin	P. J. KOEHLER

State Organizations

Secretaries of State Associations

ZONA—L. B. Christy, Phoenix.

ORADO—L. M. Brazier, 320 mes Bldg., Denver.

NECTICUT—Henry Holm, 152 mple St., New Haven.

RIDA—Alfred Lovesky, 309 ympia Bldg., Miami.

RGIA—C. A. Dismer, 208 Geor- Saving Bank Bldg., Atlanta.

NOIS—J. H. Sanderson, 11 S. Salle St., Chicago.

IANA—Paul A. Hancock, 202 ner. Central Life Bldg., Indian- olis.

A—Ellis Levitt, 215 Southern rety Bldg., Des Moines.

LOUISIANA—F. B. Smith, 1707 Dryades St., New Orleans.

MAINE—A. E. Robichaud, 209 Clapp Memorial Bldg., Portland.

MARYLAND—E. M. Garren, 331 Equitable Bldg., Baltimore.

MASSACHUSETTS—D. J. Cote, 552 Mass. Ave., Cambridge.

MICHIGAN—W. G. Stevens, 2030 First National Bank Bldg., Detroit.

MISSOURI—R. E. Hughes, 119 N. 7th St., St. Louis.

NEW HAMPSHIRE—F. A. Brodeur, 967 Elm St., Manchester.

NEW JERSEY—J. Gay Seabourne, 110 W. 40th St., New York City.

OHIO—J. F. Anderson, Bushnell Bldg., Springfield.

PENNSYLVANIA—W. S. Herron, 404 Denckla Bldg., Philadelphia.

RHODE ISLAND—E. LaGueux, 307 Main St., Pawtucket.

TENNESSEE—W. G. Brightwell, 521 Market St., Memphis.

VIRGINIA—S. L. Tucker, 102 S. St. Asaph St., Alexandria.

WASHINGTON—M. B. Hill, 7 N. Third St., Walla Walla.

WEST VIRGINIA—W. B. Grimes, 304 Kanawha Natl. Bank Bldg., Charleston.

WISCONSIN—D. E. Burk, 405 Bartlett Bldg., Milwaukee.

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w Jersey Organizes to Save Small Loan Service

ith less than three months aining before the effective of an amendment to cut in the maximum rate of interllowable under the New Jer- Small Loan Law, the New ey Industrial Lenders Asso- on gave over its meeting at ark, December 4, to the orzation of a campaign to g about reinstatement of former 3 per cent rate and ncorporate additional regu- y safeguards in the law.

ne Association confidently ded to base its case before 1930 session of the legisla- and before the general pubtrictly upon the facts and merits. In this connection it ewed progress made up to date in the preparation of King and the Pace, Gore & McLaren reports upon the operation of the business in New Jersey. (These reports are reviewed exhaustively in this issue of THE NEWS.)

The amendment to the 1914 law acted upon by the 1929 legislature was declared to have been drafted and passed without full knowledge of the facts of the case by several speakers on the program of the all-day session, and the determination was expressed to marshal every proper force of the Association in the effort to have the matter reopened and the issue settled upon the actual merits.

National Aspects

The importance of developments of the next few months in New Jersey was stressed by A. P. Snite, of Chicago, president of the American Association of Personal Finance Companies, and by W. Frank Persons, of Washington, executive vice-president of the national organization. The members of the organization pledged their individual and collective support of the vigorous program of action outlined and already set in motion by the officers and executive committee of the Association.

Emphasis was placed upon the chaotic and anti-social effects invariably attendant upon a backward step in public regulation of the small loan business in an address by Burr Blackburn, of the Personal Relations Department of the Household Finance Corporation, who discussed this significant phase of the New Jersey situation at the request of Vernon L. Buchman, of Trenton, president. He spoke enthusiastically of the forward strides in self-regulation being

made by the business in the states which have adequate small loan legislation and urged the members of the New Jersey Association to meet courageously the test imposed by the current crisis.

President Snite indicated the fundamental significance to the business as a whole of the rational settlement of the problems now being encountered in New Jersey. He discussed the rapid course of recent events in the affairs of the national organization and indicated the assistance it already had rendered in prosecution of the New Jersey campaign for reinstatement of the 3 per cent rate. Full support by the National Association would be forthcoming until the campaign had been waged to a successful conclusion, he promised.

Routine business of the Association occupied the remainder of the program.

Tennessee Makes Plans for National Convention

The business session of the meeting of the Tennessee Industrial Lenders Association at Knoxville December 5, 1929, was devoted largely to the review of plans for entertainment of the annual convention of the American Association of Personal Finance Companies, to be held at Memphis in 1930.

Careful investigation of the operations of the small loan business in the cities of Tennessee disclosed that the companies were being operated in accordance with law and the ethical practices advocated by the Association, according to a report by Chairman Hostettler of the Vigilance Committee. Complete cooperation has been developed between the Association and the State Banking Department in the regulation of the business, he indicated.

Membership applications from the Heard Loan Company, of Nashville, and the Family Loan Society, of Chattanooga, were accepted, following a report by Chairman Franck of the Membership Committee, indicating that virtually all eligible companies in the state had been brought into the membership of the Association.

Several prominent business and commercial leaders of Knoxville, including the mayor, James A. Trent, were among the speakers on the luncheon program, presided over by C. G. Liggett.

Officers elected for 1930 were:

President—G. B. Love.
Vice-President—R. S. Mansford.
Second Vice-President — H. W. Hyman.
Secretary—W. G. Brightwell.

The officers and W. B. Richards, Mr. O'Quinn, C. G. Liggett and R. D. King constitute the executive committee.

"Benefits of Association for Finance Companies," was the subject of an address by C. G. Liggett of the Beneficial Operating Bureau, which was a feature of the banquet. Virgil Moore, of New York, spoke on "Why I Favor the Uniform Small Loan Law."

NOTICES

The Maryland Industrial Lenders Association, with headquarters in Baltimore, holds its meetings on the second Tuesday of each month.

MEETING SCHEDULE

RHODE ISLAND—Providence, January 16.
CONNECTICUT — Bridgeport, January 18.
GEORGIA—Atlanta, January 20.
OHIO—Columbus, January 22.
MASSACHUSETTS—Boston, January 25.
LOUISIANA — New Orleans, January 25.
ILLINOIS—Chicago, January 30.
PENNSYLVANIA—Pittsburgh, February 12.
MICHIGAN—Ann Arbor, April 17.

BIBLIOGRAPH

The books, bulletins, phlets and reprints of spe described below are intend provide a handy reference for the use of persons des of studying the historical, s economic, legal, financial, administrative phases of small loan business.

Copies may be obtaine the prices indicated from American Association of sonal Finance Companies, Tower Building, Washin D. C. The list follows:

Books and Brochures

"The Facts About the Sm Loan Business, and the Scient Rate of Fair Charges," by Re nald Herber Smith. 10c per co

"The Trend and Progress the Movement to Improve Sm Loan Conditions," by Arthur Ham. 10c per copy.

"The Philosophy of the U form Small Loan Law," by W ter S. Hilborn. 10c per copy.

"The Need of Adequate Sm Loan Legislation," by Walter Hilborn. 10c per copy.

"The Development of the dustrial Loan Business," Hon. A. R. Robinson. 5c per co

"The Future of the Sm Loan Business," by Dr. F. Ryan. 5c per copy.

"The Personal Loan Co panies," by Dr. F. W. Ryan. per copy.

"Making Credit Available f All." 10c per copy.

"Usury and Usury Laws," Dr. F. W. Ryan. $2.50 per co

Pamphlets

"A Specialized Financi Service," 10c per copy.

"The Industrial Loan Bu ness," by John Dailey.

"Modern Scientific Efficien and the Business of Industr Banking," by Chas. G. Muell

"Building Your Business Good Will," G. W. Farrington.

"Helping Each Other," by G. Mueller.

"The Industrial Loan Co panies' Part in the Readju ment," by W. G. Stevens.

"The Advantages of Memb ship in State and National dustrial Lenders Association by E. F. Moore.

"Industrial Lending as a Co munity Asset." 10c per copy.

"How to Organize a Lenders Exchange Bureau," 10c per copy.

"Loan Shark Is Now Vanishing," by Elizabeth G. Stern.

"The Significance of the British Money Lenders Act of 1927," by Dr. F. W. Ryan. 10c per copy.

"The Small Loan Act," by Walter S. Hilborn. 10c per copy.

"Weathering Rainy Days," by Leon Henderson and Rolf Nugent. 10c per copy.

"The Fundamental Rightfulness of the Family Finance Business," by Dr. F. W. Ryan. 10c per copy.

Reports, Digests, Etc.

"The Small Loan Situation in New Jersey in 1929," by Dr. Willford Isbell King. 25c per copy.

"Financial Aspects of the Small Loan Business in New Jersey," by Pace, Gore & McLaren, certified public accountants. 25c per copy.

Illinois Supreme Court Decision, 5c per copy.

Pennsylvania Supreme Court Decision, 5c per copy.

Ohio Supreme Court Decision, 5c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

General Form, Uniform Law, 5c per copy.

Minnesota Interim Committee Report. 10c per copy.

Opinions of Importance, $2.00 per copy.

Some Prominent Men on the Necessity for Industrial Banking, 10c per copy.

Legal Survey, compiled by Indiana I. L. A., $3.00 per copy.

Roster of Licensees, compiled by Indiana I. L. A., $1.00 per copy.

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)ENIX—D. M. Gillan, secretary, hoenix Industrial Lenders Exiange, % Merchants and Manuicturers Association.

Colorado

NVER—Charles M. Heed, general anager, Retail Credit Men's Asciation, Kittredge Building.

Connecticut

DGEPORT—Harold Dunbar, sectary, Industrial Lenders Exiange Bureau, Stratfield Hotel.

RTFORD—A. C. Moreau, secrery, Industrial Lenders Exchange, 8 Asylum Street.

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W HAVEN—Lenders Exchange, Chamber of Commerce.

MFORD — Merchants Retail redit Association.

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Lenders Exchange Bureaus

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RHODE ISLAND

PROVIDENCE—J. G. Findlay, secretary, Industrial Lenders Exchange Bureau, 502 Old Colony Bldg., 58 Weybosset Street.

VIRGINIA

NORFOLK—W. F. Bradshaw, secretary, Industrial Lenders Exchange Bureau, 208 East Plume Street.

RICHMOND—N. J. Herbert, Jr., secretary, Industrial Lenders Exchange Bureau, Room 211, 301 East Grace Street.

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BLUEFIELD—Fred R. Christie, secretary, Merchants Association, Inc., 508 Bailey Bldg.

CHARLESTON—J. V. Battram, manager, Retail Credit Association, Ind., P. O. Box 1707.

CLARKSBURG—V. A. Rogerson, executive secretary, The Credit Bureau, 801 Union National Bank Building.

ELKINS—L. I. Cook, Manager, Retail Credit Bureau, P. O. Box, 1127.

FAIRMONT—George Parsons, retary, Business Men's Associa P. O. Box 573.

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UNIVERSITY OF ILLINOIS

The Trend of Our Affairs

DRAMA reveals life. Its intense portrayal of common situations arrests attention, lighting the way to sound judgment and wise action. The stock market debacle, Chicago's insolvency, the ruin of personal credit facilities in West Virginia—these are dramas on the national stage. Shall they be so interpreted as to inspire "collective common sense"?

Business has rallied its forces to stay the panic to which fear and ignorance may lead. In its national council, personal finance service plays its appropriate part.

Chicago's public employes, with earning power unimpaired, suddenly are deprived of buying power. Personal finance service helps to save comfort in many homes. Thus, a civic emergency dramatizes a need for service common to three-fourths of the families of America.

★ ★ ★

TRAGEDY stalks the stage in West Virginia. Even now the players are taking their places in the wings hoping for the curtain call in New Jersey. This drama is played by critics and skeptics, often well-intentioned, against a background of silent human suffering to which the players are blind. Their gaze is fixed upon another part of the stage; what little they do see is through glasses of error and distrust.

Shall the Stage be Set in New Jersey?

It is the familiar, but senseless, story. Here is its theme: Small loan rates are too high! Reduce them! Help the common people! But wait—*it does not work that way.* Reduced rates force liquidation, inconvenient for the companies, but tragic for their patrons, stripped of their last legitimate source of emergency credit.

The Old Fallacy of Rate Reduction

★ ★ ★

BUT heretics must be burned before progress is made; emergencies of home life must exact their toll of anxiety, want, and defeat—tragedy must stalk the stage—before "collective common sense" emerges.

Fingers burned in the fire, however, have been scarred without avail unless we profit by the lesson. The patient's death has failed to serve humanity unless the herb remedy is discarded. The tragedy of West Virginia will have lost its only value unless its clarion "DON'T!" is heeded in its full, convincing force by every other legislature.

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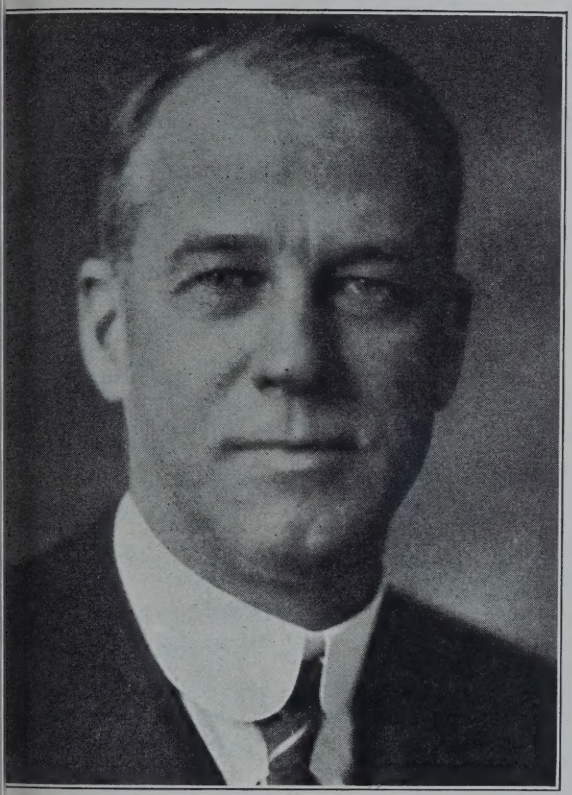
The Work of the National Business Survey Conference



JULIUS H. BARNES
Chairman, National Business Survey Conference

Organized Business Makes United Effort to Avert Unnecessary Depression After Market Crash

AMERICAN business today is testing the power of common sense. Through the agency of the National Business Survey Conference it is engaged in an effort to determine whether facts are stronger than fear.

Organized at the suggestion of President Hoover and directed by Julius H. Barnes, the conference—representative of more than 150 lines of basic economic activity—has set itself to the task of confining the effects of the stock market collapse to a rational readjustment, and preventing unreasoning hysteria growing out of that event from demoralizing the whole structure of commerce and industry.

Loan Business

Perhaps to as notable a degree as ever has marked its participation in affairs of general economic consequence, the personal finance business has taken its place shoulder to shoulder alongside other American businesses and industries in the unified effort to achieve the purposes of the economic stabilization movement. It has been identified with the effort from an early date. Francis L. Thompson, of Shelbyville, Ind., chairman of the Executive Committee of American Association of Personal Finance Companies, was selected by Chairman Barnes as a member of the General Conference Committee.

This movement first took shape in the conferences of President Hoover with commercial, industrial, railroad and utility leaders in November. Out of the conferences grew a determination to avoid, if possible, any degree of business depression greater than that reasonably necessitated by the unprecedented crash of securities values.

Conference Held

A larger meeting was held in Washington December 5. At few times, if ever, has as much common sense and leadership been represented in a single place as was gathered throughout that day and evening in the Council Chamber of the Chamber of Commerce of the United States.

Reports on actual conditions in nearly a hundred fields of business and industry were presented by the leaders thereof.

Significant elements reflected in these reports, included:

(1) The inflation and collapse of security prices were *not* accompanied by speculation in commodities or by inflation of commodity prices.

(2) The banking structure of the country withstood the pressure of unprecedented liquidation with conspicuous success.

(3) Merchandise inventories, approaching the end of the year, were not at excessive levels.

(4) Probability that release of funds from security markets would have a stimulating effect upon other business.

(5) Widespread acceptance of the view that there was no occasion for any effect other than the temporary, orderly readjustment of purchasing power to grow out of the shifts in security holdings.

Early Work

After appraising conditions which had developed during the first few weeks following the stock market crash, the Conference took the view that its task was to—

—prevent unecessary business disturbance as a consequence of the decline of security prices.

—sustain commercial and industrial activities at normal levels.

—identify the elements of strength and weakness in present business conditions.

—organize and initiate practical measures for dealing with conditions found to require attention.

What Is It?

FOR months the press has been full of accounts of the work of the National Business Survey Conference following the stock market crash.

What is it?

What is it trying to do?

What part has personal finance service played in this major movement of American business?

What part may it continue to play?

The accompanying article undertakes to present a compact but comprehensive answer to these and similar questions concerning this unparalleled piece of teamplay.

Immediate measures which were inaugurated to sustain business levels and absorb any slack in employment growing out of shifting industrial conditions included:

(1) Vigorous prosecution of necessary public works programs by federal, state and local governments.

(2) Prompt attention to private construction needs.

(3) Utilization of the next few months by private business to make necessary extensions, betterments, replacements and renovations of plant and equipment.

(4) Concentration upon home modernization.

"Common Sense!"

"SHORTLY after the stock market drop of last October, when the wildest rumors were afloat regarding the immediate business outlook, someone approached one of America's most farsighted business leaders and asked the question:

"*'How can we avert a business panic?'*

"And without any hesitation the reply came back:

"*'Through collective common sense.'*"

—JULIUS H. BARNES,
in *Common Sense.*

On the basis later statements conditions and ports upon cour of action develo within particu businesses and dustries, publis by the Confere it appears t while the battle not yet been enti won, progress substantial pro tions has been m in the face of s factors as w present in Octo and November.

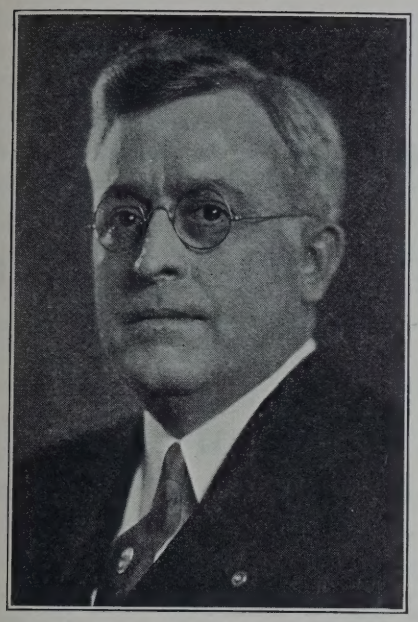
Conditions

The Conference took measure of business conditi at the turn of the year and ag in mid-January just prior t meeting of the Executive Co mittee in Washington, Ja ary 23.

Those present at that meet included William Butterwo Elbert L. Carpenter, Ha Chandler, Charles Cheney, S art W. Cramer, Pierre S. Pont, Walter S. Gifford, C nelius F. Kelley, Thomas W. mont, Secretary Commerce Rob P. Lamont, John Lonsdale, Geor Horace Lorim Lewis E. Piers Paul Shoup, My C. Taylor, Walter Teagle, David W comb and Owen Young.

Results

The results of major progra outlined by larger industr were beginning



FRANCIS L. THOMPSON

Representative of the Personal Finance Business on the General Survey Committee of the National Business Survey Conference. The text of his statement to the Conference appears on the right.

MR. JULIUS H. BARNES, *Chairman*
National Business Survey Conference,
Washington, D. C.

"The personal finance companies operating in the twenty-four states that have progressive and restrictive legislation of the type of the Russell Sage Foundation Uniform Small Loan Law, report a heavy call upon their organizations during the past period for loans of a consumptive type. People are borrowing for the purpose of closing out their past due obligations incurred during 1929, and looking forward hopefully to 1930.

"The half billion dollars of credit extended annually by the personal finance companies of America not only enable 85% of the population, to whom banking credit is not available, to pay off their accumulated obligations, but add materially to the purchasing power of the nation as a whole through the consolidation and liquidation of their accumulated debts and the obtaining of sums within their need, payable in small installments, all of which increase their purchasing power for necessitous purposes in 1930.

"The personal finance business is in a basically sound condition and will extend itself to the utmost to assist in the current problem."

FRANCIS L. THOMPSON,
Chairman, Executive Committee.
AMERICAN ASSOCIATION OF
PERSONAL FINANCE COMPANIES

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nuary to show up unmistakably the business picture in the 'm of such developments as:

(1) A sharp upturn in the vol-me of orders for fabricated tructural steel, especially in the lew York area.

(2) Pronounced upturn in the ctivity of railway equipment anufacturers, with orders for teel, locomotives and rolling tock substantially increased over ne January volume of the two receding years and with one of ne larger locomotive manufac-uring plants doubling its em-loyment as compared with No-ember 1 and operating at a evel of activity not hitherto qualed since the war.

(3) Substantial strides toward tabilization in the building sup-lies industry through the more rompt letting of public and pri-ate construction contracts.

(4) The indication that funds reviously tied up in speculative ctivities are returning to more onstructive employment.

Personal Finance

The business stabilization vement has attracted particu-interest in the personal ance business, inasmuch as the factors with which that movement is dealing and the events which it is undertaking to shape have pronounced effects upon this business. The business has an easily apparent self-interest in the maintenance of employment and the avoidance of general depression, inasmuch as steady employment is a determining factor in the stability of personal finance credit.

Loan Liquidation

Healthy industrial conditions necessarily are precedent to the orderly liquidation of small loans. These facts have been stressed by Mr. Thompson and other leaders in the business who have participated in the work of the Conference.

Besides lending its own credit resources to the stabilization movement, however, the business has other opportunities to contribute to the success of President Hoover's program. An important one is for it to carry along in normal volume, or even accelerate, its constant effort in the direction of modernization of offices, equipment, etc.

Companies' Part

Along with all other businesses and industries, it also has the responsibility of maintaining its own employment and its own pay rolls upon a normal and satisfactory basis.

Companies engaged in the personal finance business have demonstrated their readiness to continue during the trying periods of November, December and January their long established community role of acting as a substantial credit bumper, their funds unquestionably having played a not inconsiderable part in the orderly liquidation of commercial and mercantile accounts.

West Virginia Rate Reduction Causes Distress to Borrower

Only Nine of Sixty-two Companies Trying to Carry on Business Under Inadequate Rate

By BURR BLACKBURN

Director of Research, HOUSEHOLD FINANCE CORPORATION

THE Legislature of West Virginia enacted a law effective July 1, 1929, limiting the interest permitted to be charged on chattel and wage loans in amounts up to $300 to 2 per cent per month. It was the evident intent of the legislature to procure money for the people of West Virginia at 2 per cent instead of the 3½ per cent which they had been paying since 1925.

But the result of a law is not always the one intended.

No 2% Loans

Five months after this law went into effect there was no money being loaned in West Virginia on chattel and wage security at 2 per cent per month. A few people were able to obtain loans at approximately the old 3½ per cent rate from local companies which had developed a method of getting around the intent of the law.

Others made loans at 3 or 3½ per cent by going to the inconvenience of crossing the state line into Ohio

Virginia.

Many were m
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from unl i c e n s
lenders charging
per cent per mon

Most people fo
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maker note. And few of the
mer patrons of chattel and w
loan companies can persuade
ceptable endorsers to guaran
their loans.

During November, 1928,
visited the principal cities
West Virginia to find out

Tragic; But Obvious

IN West Virginia now is being unfolded the tragedy of another legislative experiment with uneconomic price fixing by statutory decree. And tragedy it is—with the arena of human affairs serving as the laboratory and human beings taking the places of supine guinea pigs.

Always pitiable, it is another monument to the fatal influence of emotion, disregarding the simplest economic principles. But the price is so high, reckoned as it is in terms of West Virginia fathers who can only "grit their teeth and watch their families suffer" from privation, eviction, foreclosures, and blacklisted credit—the eternal handmaidens of the unsettlement of personal finance service in any modern community.

at had been the result of the islature's action. The facts stated above. Only nine of sixty-two licensed companies rating before the rate change de any claim to be granting occasional unendorsed loan at er cent per month. But even se admitted they made no ns for less than $150, and they used to submit evidence of ing made chattel loans.

ewildered and netimes wrath- citizens were ill besieging e thirty-one n companies ich are closing t their ac- nts and refus- to make new ns. When in- med that the npany cannot ke loans at a fit at the rate d by the legis- ure, these peo- say:

What's the islature got to with it? I'm ling to pay u 3½ per t."

But we cannot ate the law."

Well, the lawmakers have me in a bad fix. I can't find body that will loan money ess I get endorsers. What ll I do?"

t may be assumed that the n companies with established es and investments already de would have continued to rate in the state had it been ll possible to comply with the and make a reasonable profit. wever, the cost of making and ecting small loans averages e to $2.00 per month per loan, ? per cent on an average loan balance of $100. Few of the offices in West Virginia had an average balance of $100, so it is evident that 2 per cent per month would hardly pay expenses, and certainly provide no profit.

All the large companies with substantial capital have gone out of business. Ten small independents are still lending money at approximately 3½ per cent per month. This is accomplished by one individual operating two companies. One company makes a loan at 10 per cent, discounted in advance, and this loan is paid immediately by making another loan with the licensed company at 2 per cent per month. The charge exceeds 3½ per cent.

There are two such organizations in Fairmont, two in Huntington, two in Morgantown, and one each in Charleston, Wheeling, Parkersburg, and Clarksburg. These companies have not begun to meet the need for loans in their communities, a need once adequately met by sixty-two licensees.

In every large city either one or two offices are being operated by salary buyers making loans of $30 and less on which 10 per cent is collected every two weeks. While these loans in no way meet the need for credit of families in emergencies, this kind of business naturally increases when facilities for borrowing on chattels are removed.

Of course persons able to secure endorsers can borrow money at the banks or the discount companies such as the Morris Plan Bank System at a rate amounting to 1½ to 2 per cent per month, but these facilities have always been available in West Virginia. Endorsed loans are cheaper to collect than those secured by chattels and wage assignments.

However, the large majority of West Virginia families are unable to secure acceptable endorsers. When unemployment or sickness has reduced income; when collection agencies threaten garnishment, foreclosure, or tax sales; when landlords start eviction; when the clothier or grocer or coal dealer will grant no further credit, the average West Virginia father can only grit his teeth and watch his family suffer—he cannot borrow to pay his debts. He doesn't understand what caused his troubles.

Deposits vs. Capital

"Those who believe in cheap consumer credit attack the rate of the present lenders. It is a psychological factor that brings the attack.

"These people believe that since banks can lend at 6 per cent—except, of course, when the call market goes to 12 or more—individuals should be able to borrow for not much more. Somehow 6 per cent seems to be fixed as a fair rate. But what is there in the nature of banking operations that has made this possible?

"The bank extends loans up to five and ten times its capital and surplus; the lender is limited to his own capital. With a capital and surplus of a million, the one may lend between five and ten millions of dollars and receive 6 per cent on that amount; the other can lend only a million. If the first must charge a 6 per cent rate it is obvious that the second cannot."

—GEORGE FILIPETTI, *Ph. D.*,
In *Personnel.*

Is Rate High?—Yes!—Probably!—Maybe!—No!

By A. A. McDANNALD

Editor-in-Chief, ENCYCLOPEDIA AMERICANA

(Excerpts from an address delivered before the Pennsylvania Industrial Lenders Association, at Philadelphia, Pa., November 13, 1929.)

IT is not very difficult to endorse, in a general way, the business in which you are engaged. I use the word "general" advisedly, for I am not sufficiently familiar with all of the details of the small loan business to be able to say with conviction that your interest rates are the lowest that the traffic will stand, that your repayment terms are the easiest that might be adopted, or that no changes of any kind are called for in the laws under which you operate.

Sage Foundation

Nevertheless, the fact that the Uniform Small Loan Law, under which, or under modifications of which, you operate in twenty-four or twenty-five States of the Union, was fathered by the Russell Sage Foundation, is a strong point in your favor. I do not know very much about you, but I do happen to know a good deal about the Russell Sage Foundation. I know that it is one of the greatest sociological institutions in the world. I know that it is constantly working to improve living conditions, and when it says that the rates of interest which you charge are reasonable, and that the terms which you impose are not unreasonable, that is about as strong an endorsement, in my opinion, as you can have.

I frankly confess that I not always feel this way a the matter. When I was told that the small loan bro charged three and one-half cent interest per month, I somewhat shocked. I tho that here was one set of sharks trying to push ano set of loan sharks out of way, or, to paraphrase the New York Sun's definition progressive Democrat, that censed small loan broker w new type of skinflint wanted what the old type of s flint was getting

This was be I had devoted study to the sub and before I k that the Rus Sage Founda had recommen the rates un which you oper Having read a g deal of the lit ture relating to business, I thin

How Typical!

Here is the story of another man whose casual first impressions of the policies and practices of personal finance companies were not borne out upon closer observation—and who, accordingly, changed his opinion.

In this instance, an outsider of broad interests and wide knowledge; but one with a persistent, exploring type of mind—one who took the trouble to test his offhand views.

How typical!

lerstand now why you have charge what, to the unin- med, seems an excessive rate interest. At any rate I un- stand why you cannot lend ney at the rates customarily rged by commercial banks, n if my lack of precise infor- ion makes it impossible for to defend absolutely the rates d in the Uniform Small Loan v.

Necessary Costs

understand, of course, that cannot possibly lend your money at the same rate of rest that the commercial ks charge when they lend r depositors' money. I un- stand also that before you e a loan you have to make a thorough investigation of man who is applying for it. derstand also that there is a siderable amount of book- ping; and all of this adds to cost which makes it neces- for you to charge what one who has not studied the ject is certain to think is an bitant rate of interest.

nd there is one other point. not remember ever to have it so stated, but it has oc- red to me that in fixing the at three and one-half per per month those responsible its adoption had in mind not e a rate that would attract table people in the lending , but a rate which would at same time discourage im- ident borrowing. And from sociological standpoint it is as important to protect an vidual against improvidence is to help him out in times is distress.

Twin Evils

ut despite the fact that the e and one-half per cent rate the approval of the Russell Foundation, and of lead- ing sociologists throughout the country, I am advised that in some states efforts are being made to reduce it to so low a figure that, if these efforts are successful, some of you, and per- haps most of you, will be forced to withdraw from the field. In this situation you are confronted with those twin evils, ignorance and mountebankery. Where it is ignorance alone that you have to face, there is hope, because you can educate the ignorant, but where it is mountebankery that confronts you, I am very much afraid you are going to find your work cut out for you.

Difficulties

The mountebank will not dis- tinguish between the licensed small loan broker and the old time usurer, but, putting all in the same class, will endeavor to ride into office, or keep himself in office, on the slogan, "Drive the Loan Sharks Out!" If the mountebanks are successful it may work a hardship on you, but I very much fear that it will be infinitely harder on the small borrower.

As I understand it, the Small Loan Law represents the efforts of the best sociologists in the country to rid America of the loan shark evil. This evil is as old as history itself. If you will consult the Bible you will find, back in the books of Leviticus and Deuteronomy, that the Mo- saic Laws forbade among the Israelites the taking of usury, or the taking of any interest what- soever, because in those days all interest was regarded as usury.

In the Middle Ages, with the sanction of the Pope, there were set up in Italy the *monti di pieta,* in an effort to curb the loan sharks. These institutions were nothing more or less than pawn- shops, originally of a philan- thropic character, which for a long time loaned without inter- est. They have been charging interest now for two or three centuries, I think, but I am not exactly sure when the prac- tice of charging interest was adopted.

Other European countries fol- lowed Italy's example, so that to- day we find government oper- ated, or government controlled, pawnshops in practically all of them. In France the pawn- shops, there called *monts de piete,* are municipal monopolies. That of Paris, familiarly called "ma tante," just as in this coun- try we call the pawnbroker "my uncle," boasts of being the larg- est pawnshop in the world, and I don't think there is any doubt that it is.

British Law

The latest European effort at curbing the loan sharks was the passage by the British Parlia- ment in 1927 of what is known as the Money Lenders' Act, un- der which, without question, a maximum of four per cent— which is one-half a per cent more than is charged under the Uni- form Small Loan Law—may be charged on small loans, and an even higher rate may be de- fended under certain circum- stances. The law (I presume most of you are familiar with it) says that any contract for a loan at a rate of interest high- er than four per cent shall be deemed on its face unconscion- able, but that such presumption may be explained away.

Whether Europe, through its government-controlled pawn- shops, has succeeded better than America in its efforts to elimi- nate the loan shark evil, may be debatable. But one thing ap- pears to be certain, and that is, if the reputable small loan

(*Concluded on page* 11)

Early Results of Membership Campaign Declared Encouragin

By H. G. HOPSON

National Chairman, Membership Committee

APPRECIABLY earlier than had been expected by the executive officers of the American Association of Personal Finance Companies, substantial results are being registered in the national membership campaign inaugurated shortly after the beginning of the year and described in the January number of *Personal Finance News.*

Four companies, all located in Connecticut, were admitted formally to membership at the meeting of the Executive Committee, January 13, and applications of six additional companies —three in Ohio, one in Pennsylvania, one in Indiana, and one in Rhode Island—await attention at the February 10 meeting of the committee. Advices to national headquarters indicate that there is considerable activity by all of the state chairmen appointed last month with the consequence that larger results of the campaign are anticipated in the near future.

Members' Support

The present representative membership of the national association is evidence of the substantial support and confidence of personal finance companies the country over in our joint effort to deal directly with the national problems of the business. For fifteen years, the organization has had loyal support and there is little doubt that its present expanded program of activity will appeal to an e growing constituency.

Participation of non-m ber companies in the wor the national association hith has been withheld, it is belie more because they never had a proposal of member placed squarely before th rather than because of any of perception of the benefit joint action concerning af of common interest. The fa that hundreds of non-mem companies are active par pants in the wo s t a t e associat It simply is a m of taking them step further, of carrying to t convincing wor the energetic ef being made by American Ass tion of Persona nance Compani behalf of the e business.

Every Man's J

Although state member chairmen have about their wor organizing the paign in vigo fashion, it is e apparent that

NEW MEMBERS

MUTUAL SYSTEM OF NEW BRITAIN, INC.
300 Main Street,
New Britain, Conn.

FRANKLIN PLAN COMPANY OF NEW HAVEN,
152 Temple Street,
New Haven, Conn.

FRANKLIN PLAN COMPANY OF AMERICA,
92 Pratt Street,
Hartford, Conn.

FRANKLIN PLAN COMPANY OF AMERICA,
59 Cannon Street,
Bridgeport, Conn.

APPLICATIONS PENDING

LOAN & FINANCE CO.,
102½ So. Main St.,
Fostoria, O.

INDUSTRIAL LOAN CO.,
207 Atlas Building,
Columbus, Ohio.

IMPERIAL FINANCE CORP.,
612 West 9th Street,
Cincinnati, Ohio.

SHARON FINANCE CO.,
51 West State Street,
Sharon, Penna.

ACME FINANCE CO.,
357 Westminster St.,
Providence, R. I.

INTERSTATE, INC.,
Evansville, Ind.

More Next Month!

responsibility for a success-
onclusion of the effort rests
each of the companies now
ated with the national or-
zation. It is impossible for
man to solicit every poten-
member in his state; the job
ie in which each member
any can share the responsi-
by placing its own point of
before the leaders of other
companies which have not
ecome affiliated.
ite apart from any dues-
i n g consideration — even
gh that phase undoubtedly
portant—it should be real-
that the national associa-
achieves full effectiveness
when it becomes 100% rep-
tative of the business. The
r the body of constituent
anies, the more readily does
in acceptance of the right to
in behalf of the entire per-
finance business.
ie National Membership
rman sincerely solicits the
ort by all members of the
ts of the State Chairmen, in
ing *your* Association to the
necessary to carry out the
tial program decided upon
e last national convention.
e more members we have,
nore valuable *your* member-
becomes.

ish Court of Appeals holds 4% Interest Rate

e Russell Sage Founda-
Department of Remedial
s recently made public a re-
of a decision by the Eng-
Court of Appeals in which
s held that a money lending
action could not be re-
d for court examination on
round of harsh or uncon-
able interest charges unless
ate of interest were in ex-
f 48% a year. It held fur-
ther that if the rate were more than 48% the lender could undertake to establish that it constituted a reasonable charge.

In the particular case, the court took the view that transactions involving rates of interest as high as 92% did not require judicial relief inasmuch as the borrower was a business man, borrowing money for use as capital in speculative operations, giving only a personal note as security, keeping the money so short a time as to make the rate of interest deceptive, and entering into each loan transaction with full possession and knowledge of the facts and terms

Bank Commissioner Says Banks Lose on Small Loans

The banking point of view toward small loans — especially with reference to their degree of liquidity and the loss involved in handling them — is touched upon in an article, "Essentials of a Liquid Loan Policy," by Fred R. Smith, Superintendent of Banks of South Dakota, in the December, 1929, number of the *American Bankers' Journal*, official publication of the American Bankers Association.

Following a discussion of the necessity for banks to correlate their investment policy with the probable time and volume of depositors' withdrawals, Smith declared:

> "Profit with safety being the incentive for the establishment of banking institutions, it must be conceded that too large an aggregate of small loans, that are not of such unusual character as to be self-liquidating, is improper in a commercial bank.
>
> "The small loan requiring as much intensive attention as a larger one, but the interest on which is insufficient to cover the cost of negotiation and liquidation, is an improper burden for a commercial bank. Such loans, if made, should be made upon the extraordinary terms accepted in a majority of states as legal. If made on terms legal in a commercial bank, the bank suffers a loss that some other business must overcome."

Is Rate High?—Yes!—No!

(*Continued from page* 9)

brokers are forced out of business in the United States, the small borrower will have to fall back on the pawn brokers or the loan sharks.

A Suggestion

Frankly, it seems to me that the time has come for a national fact finding survey, dealing with the whole subject of consumer credit and this survey should be made by a group of organizations such as the Russell Sage Foundation and the American Economics Association.

If your business is right, you have nothing to fear, and if it is wrong, the sooner it is corrected the better. As I see it, the small loan business, when properly conducted, renders a real public service. So long as you live up to the spirit of the Uniform Small Loan Law, you have nothing for which to apologize.

Great Service

"You may take comfort in the thought that you probably have been rendering a greater service to the people of the United States than some of the great commercial institutions which have supplied much of the funds out of which has come the gigantic gambling orgy which is now seeing its finale in Wall Street."

State Organizations

Secretaries of State Associations

ARIZONA—L. B. Christy, Phoenix.

COLORADO—L. M. Brazier, 320 Symes Bldg., Denver.

CONNECTICUT—Henry Holm, 152 Temple St., New Haven.

FLORIDA—Alfred Lovesky, 309 Olympia Bldg., Miami.

GEORGIA—C. T. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.

ILLINOIS—J. H. Sanderson, 11 S. LaSalle St., Chicago.

INDIANA—Paul A. Hancock, 202 Amer. Central Life Bldg., Indianapolis.

IOWA—Ellis Levitt, 215 Southern Surety Bldg., Des Moines.

LOUISIANA—F. B. Smith, 1707 Dryades St., New Orleans.

MAINE—A. E. Robichaud, 209 Clapp Memorial Bldg., Portland.

MARYLAND—E. M. Garren, 331 Equitable Bldg., Baltimore.

MASSACHUSETTS—D. J. Cote, 552 Mass. Ave., Cambridge.

MICHIGAN—W. G. Stevens, 2030 First National Bank Bldg., Detroit.

MISSOURI—R. E. Hughes, 119 N. 7th St., St. Louis.

NEW HAMPSHIRE—F. A. Brodeur, 967 Elm St., Manchester.

NEW JERSEY—J. Gay Seabourne, 110 W. 40th St., New York City.

OHIO—J. F. Anderson, Bu Bldg., Springfield.

PENNSYLVANIA—W. S. H 404 Denckla Bldg., Philadelph

RHODE ISLAND—E. LaGueu Main St., Pawtucket.

TENNESSEE—W. G. Brightwe Market St., Memphis.

VIRGINIA—S. L. Tucker, 102 Asaph St., Alexandria.

WASHINGTON—M. B. Hill, Third St., Walla Walla.

WEST VIRGINIA—W. B. G 304 Kanawha Natl. Bank Charleston.

WISCONSIN—D. E. Burk, 405 lett Bldg., Milwaukee.

Bill to Reinstate Rate Introduced in New Jersey

THE second phase of the effort of the New Jersey Industrial Lenders Association to accomplish reinstatement of the former rate on small loans—the first having been publication of two comprehensive reports dealing with social and economic facts of the personal finance business — developed in encouraging fashion in early February with the introduction of a bill in the New Jersey Legislature and the wide publication of three newspaper advertisements advising the public of the facts of the situation.

The bill, which now is in the hands of a legislative committee awaiting a public hearing on February 17, is regarded by its advocates as one of the most advanced pieces of personal finance legislation ever presented to an American legislative body for enactment. It builds upon the foundation of New Je pioneer statute of 1914, am ing and strengthening it additional administrative trols demonstrated as eff by fifteen years of actual rience.

Bill's Provisions

Specific provisions of th include:

FIRST, it gives the St Commissioner of Banking a Insurance discretion to det mine that the business is c ried on only by persons of nancial responsibility, adequ business experience, high ch acter, and of such general ness as to command pub confidence.

SECOND, it prohibits a penalizes severely every pr tice of a lender which c ceivably could work to the d advantage or oppression of borrower, as, for example, limitation of the total oblig

Changes of Name

WITHIN little more than a month after the action of the national organization in changing its name to American Association of Personal Finance Companies, three state associations—those in Missouri, Connecticut and Georgia—took similar action. The Ohio and Massachusetts associations have the matter under definite consideration.

)n of any one person to the m of $300.

THIRD, it prohibits all of e subterfuges by which the tent of the law might be aded.

FOURTH, it safeguards the ght of the necessitous bor-wer to repay his loan in full any time with only earned erest; his right to know the ecise nature of the obliga-n which he incurs, and his ght to borrow money in nes of emergency without ar of unscrupulous or exact-g treatment.

Advertisements

e advertisements, printed uccessive days in all the s newspapers of general lation, deal with facts dis-l by the survey of the so-spects of the business made r. Willford I. King, secre-of the American Statistical iation; the facts concern-arnings of the companies veloped by the audit and re-of Pace, Gore & McLaren, ied public accountants, and urpose and specific provi-of the proposed new legis-

hough their substance deals sively with the situation in Jersey, this series of adver-ents presents for the con-ition of all state associa-a practical demonstration lvanced technique in the nent of problems of public egislative relations.

pies of the New Jersey bill and of wspaper advertisements may be ob-from the American Association of al Finance Companies, 712 Tower g, Washington, D. C.)

r Speaker Demands ns of Smaller Amounts

KING generous endorse-ment of the personal finance business in Ohio a plea that the companies ue to extend their service rrowers of small amounts hough such loans may not de at a profit, T. J. Don-nelly, secretary of the Ohio Federation of Labor, delivered one of the principal addresses at the annual meeting of the Ohio Industrial Lenders Association at Columbus January 23.

"This business is fairly conducted," Donnelly declared, "and the rate of interest at which it accommodates borrowers of small sums of money is equitable. The lenders are entitled to a profit consistent with their investment and management skill.

Small Borrowers

"I am hopeful, however, that the companies will not give way to the temptation to make only large loans and neglect the needs of the small borrower, even though the smaller loans may not be made at a profit. It is the willingness of the business to extend its facilities to all applicants entitled to credit, large and small alike, that has won it the hearty support and respect of labor."

The Ohio meeting was one of the most conspicuously successful in the history of the Association, several hundred persons, both those engaged in the business in Ohio and visitors from outside the state, being in attendance. Reports at the meeting showed that 251 companies are members of the Association, 64 having been added during the past year.

Amend Constitution

An amendment to the constitution, increasing the number of members of the executive committee from seven to nine, was adopted. The new committee includes J. H. Dyer, M. Austin Potter, J. Fred Anderson, J. P. Michael, Col. D. H. Pond, C. C. Woodley, Charles H. Watts, L. K. Osborne and T. R. Schoonover.

An investment banker, Mr. Wild, of R. V. Mitchell & Company, was another speaker who reflected the point of view of a person not connected with the business. The substance of his remarks was that his own opinion had changed from one of prejudice against the personal finance business to one of understanding and confidence. He said there were few businesses in which the charge made for service rendered was more justifiable and, at the same time, few businesses which had been accorded less public understanding.

Maine Association Helps State Bank Commissioner

FIVE members of the Maine Industrial Lenders Association were appointed a committee to cooperate with Sanger Annis, Bank Commissioner, in a joint effort to assure enforcement of the Small Loan Law and to improve the standards and practices of all companies, at a meeting of the Association at Augusta, Jan. 8.

The members of the committee are Frank H. Southard, chairman; Wesley M. Snow, Samuel Bernstein, Edward M. Small and A. G. Zimmerman.

Features of the meeting were addresses on "The Future of the Small Loan Business," by Frank H. Southard, of Augusta; "Why We Favor the Small Loan Law," by C. J. Horner, of Portland, and "The Benefits of a Local Exchange," by Virgil Houle, of Lewiston.

Wesley M. Snow, of Portland, treasurer of the Association, was elected National Councillor to represent the organization in the American Association of Personal Finance Companies.

Action was taken to admit to membership the Dirigo Trustees.

Association Praises New Advertising of Household

A DEFINITE forward step in advertising policies of the personal finance business was declared by the Illinois Industrial Lenders Association, at its recent quarterly meeting in Chicago, to be typified by the advertisement printed by the Household Finance Corporation in Chicago newspapers in January.

A resolution declared that the Association "had noted with great satisfaction the character of the recent advertising" and that "it is the opinion of the membership that the language in which those advertisements (one is reproduced in conjunction with this article) were expressed is eminently fair, even generous, to other persons, firms and corporations engaged in the small loan business in Illinois."

It further was pointed out that "such advertising will tend strongly to promote good will among lenders and will attract the favorable notice of the non-borrowing public."

An application for membership by the Colonial Finance Corporation of Chicago was accepted. Nearly one hundred members of the Association attended the quarterly meeting.

Albert P. Snite, president of the American Association of Personal Finance Companies, reported on the trend of affairs of the national organizatio dicating the care with whic penditures in its behalf wer ing supervised.

The Association voted for the purchase of an ori rug as part of the furnishi the Board of Directors' roo the new national headqua in Washington.

30 * 8 CHICAGO DAILY TRIBUNE: FRIDAY, JANUARY 24, 1930.

A Statement to the People of Chicago

about Licensed Small Loan Companies

THE present emergency confronting City and County employees has emphasized the necessity for the relief offered by those Small Loan Companies operating under the Uniform Small Loan Law of the State of Illinois.

This law was enacted for just such emergencies to provide the average family with funds, which they are unable to obtain from banks on the security they can offer.

There are licensed Small Loan Companies located at convenient points throughout the city, and there is no necessity for any family, borrowing up to $300, to pay a rate in excess of 3½% per month on unpaid principal balance—which rate the legislature has fixed as a fair and equitable maximum rate.

All loan companies authorized by the State are required to display their license for the current year. To protect themselves, applicants for loans need only insist on seeing the license which the State has issued.

Licensed companies will be glad to advance up to $300 to City and County employees or any family which is entitled to credit. The service is prompt and business-like.

This civic emergency simply illustrates a situation which, without being called to public attention, repeatedly confronts more than three-fourths of the families of America.

Because of the recognized need for extra banking facilities, twenty-five states have enacted a Uniform Small Loan Law providing facilities which are now being used by more than four million families, tiding over emergencies and maintaining their credit with the business community.

Household Finance Corporation

Chicago HF Illinois

See Display and Classified Advertisements of Licensed Small Loan Companies in This Newspaper

Missouri Accommodati Shrink After Rate Is

VOICING concern ove shrinkage of per credit accommodatio Missouri since the passage new law reducing the maxi permitted rate of interest, Missouri Association of Per Finance Companies, in co tion at Kansas City Janua placed in the hands of its e tive committee the questio making a survey of the s and economic facts of the ness, similar to that mad New Jersey, to determine advisabilitiy of inauguratio united effort to reinstate former rate.

Fewer $100 Loans

The discussion devel one important effect of th duction of the rate has be force companies to cease ma loans in amounts of less $100. This "marginal cla business," it was declared, so expensive to transact tha loan offices are compelled t linquish it. Concern was pressed on this point by se of the leading figures in the ness, inasmuch as applica for loans of $100 or less are mitted by perhaps the necessitous class of borro whom the business is intend serve.

Questions of internal p

n which decisions were hed included:

(1) To fix state association lues at $25 per year for com- panies with loan balances of ess than $100,000, and at $50 year for companies with alances above that figure.

(2) To hold an annual meet- ng and such additional meet- ngs as may be regarded as ecessary by the Board of Di- ectors.

(3) To divide the state into istricts for the purpose of pportioning representation on he Board of Directors.

(4) To urge all companies perating in the state to be- ome members of the national ssociation.

(5) To purchase and dis- ribute copies of *Personal Fi- ance News* to all companies ot members of the state and ational associations.

(6) To revise the constitu- ion to incorporate the fore- oing changes.

he report of the member- committee showed that one pany, the Home Finance pany, of Moberly, Mo., had admitted during the year, ging the total number of nber companies to 60.

npanies Serve Economic leed, Commissioner Says

DDRESSES by Lester E. Shippee, Bank Commissioner, and Carleton E. dley, Referee in Bankruptcy, ecting a sympathetic official nt of view toward the per- al finance business, were the ures of the largest banquet ne history of the Connecticut ociation of Personal Finance npanies, held on January 18 Bridgeport, Conn., following fternoon business session.

mmissioner Shippee declared his contact with the per- al loan business had con- ed him that it was serving an economic need of the e. He pointed out the efforts le by his office to regulate the ness in the interest of the owing public, calling especial attention to a code of instructions to licensees which supplements the statutory provisions governing the conduct of the business. The Association was complimented upon its vigorous efforts to uphold the standing of the business and see that all companies met the social responsibilities of the business in the spirit as well as the letter of the law.

Hoadley's address dealt with his personal observations of the business over a long period of time, indicating the pleasure he had enjoyed from close relationships with the companies engaged in the business.

Change of Name

At the business session, the name of the Association was changed from Connecticut Industrial Lenders' Association to Connecticut Association of Personal Finance Companies. The name of the Vigilance Committee was changed to Public Relations Committee, the new members appointed being Mack L. Kander, chairman; William Miller and Stephen Moran. Extensive plans were outlined for making the work of the committee effective, with reference both to the strictly public relations aspect of the business and to its duty of seeing that uniformly equitable practices prevail in the operations of the companies.

Officers elected for the ensuing year are:

Chairman — William C. Kendrick.
Vice-Chairman—H. G. McMullen.
Secretary—Henry Holm.
Treasurer—Harry A. VanWart.

The officers and Mortimer J. Connor, Hugh P. Stephenson, Alfred G. Zimmerman, Fred H. Lovegrove, Aaron Kanter and Gordon E. Buckhout constitute the Executive Committee.

New Members

Five applications for membership were submitted by David Caeser, chairman of the Membership Committee, the following companies being elected to membership: Kay Loan System, of Meriden; Associated Thrift and Loan Company, of Madison; Mutual Industrial Service Co., of Delaware-New Britain; Metropolitan Finance Company, of New London, and Prudential Finance Corporation, of Stamford.

Public relations work both within the state and along national lines was discussed at the business session by W. Frank Persons, of Washington, D. C., executive vice president of the American Association of Personal Finance Companies. At the banquet, Persons spoke of the condition of the business in other states of the country.

Commissioner Names Advantages of Stability

M. E. BRISTOW, State Commissioner of Banking and Insurance of Virginia, lists the principal benefits which, in his opinion, have accrued to the state through the existence of small loan companies:

(1) The law fixes a definite maximum rate, whereas the financial "bootlegger" would charge any rate to which an individual loan seeker would agree.

(2) The law attracts a better class of loan executives to this type of community service.

Public Protected

(3) The public is protected by bonds filed by the licensed companies.

(4) The small wage earner is enabled to borrow money for pressing needs with the assurance that he will deal with responsible people.

MEETING SCHEDULE

PENNSYLVANIA—Pittsburgh, February 12.
FLORIDA—Tampa, February 21.
MAINE—Lewiston, March 9.
MICHIGAN—Ann Arbor, April 17.

Earl E. Davidson Addresses Massachusetts Association

COMMENTING upon the purpose and probable good effects of the national organization changing its name to American Association of Personal Finance Companies, Charles H. Watts, of New York, president of the Beneficial Operating Bureau, spoke before the meeting of the Massachusetts Industrial Lenders Association in Boston, January 25. He outlined the progress made in recent years not only in the development of the personal finance business itself but also in the public regard in which it is held.

A motion to change the name of the Massachusetts Association to conform with that of the national organization was proposed, and will be voted upon at the April quarterly meeting, as the Constitution requires an amendment to accomplish this purpose.

Developments in other states of interest to the business as a whole were outlined by W. Frank Persons, executive vice-president of the national organization. He reported also on the character, scope and purpose of the studies made recently in New Jersey concerning the social and economic aspects of the personal finance business.

Fourteen applications for membership were approved, including eight offices of the Industrial Bankers in Fall River, Chicopee, New Bedford, Framingham, Gloucester, Brookline, Webster and Beverly; National Loan Society, of Malden; Ideal Financing Association, of Gardner; two offices of the Prudential Financing Corporation in Newton and Quincy; Citizens' Finance Company, of Lowell, and Publix Finance Corporation, of Boston.

The principal address at the banquet was delivered by the Hon. Earl E. Davidson, State Supervisor of Loan Agencies, who said, in part:

"It seems a pity to encourage the 'loan sharks,' 'high raters,' and 'bootleggers' in small loans by an attempt to effect a lower rate by legislation rather than by open competition amongst the loan agencies themselves. It might be well for the licensed lenders of this State to turn the mirror upon themselves, to undertake a thorough and exhaustive survey at once so that statistics and facts might be available at short notice in event of an attempt at legislative changes in the present law which appears to have been so effective since its adoption in 1911 and its various perfecting amendments prior to 1917. It is fairer and sounder to leave reduction to business competition, where gradually and scientifically the rate will be lowered and the borrower will benefit rather than suffer because of changes in the law.

"How firmly the business has become established and has grown in Massachusetts may be realized from the fact that in 1924 there were only 77 licensed offices, while today there are 173. One hundred and thirty-seven of these offices licensed prior to Oct. 1, 1929, made a total of 102,931 loans amounting to $14,973,-788.97, all loans of $300 or less.

"Let us consider just what the net income or interest on the capital invested amounts to with the volume running into many millions. In 1926 the net income of the licensed loan offices, excluding the Morris Plan companies, which operate on a discount basis, was 7.95 per cent; in 1927, it was 7.64 per cent; in 1928 it was 9.27 per cent, and in 1929 it was 8.70 per cent, or a net average for the four years of 8.39 per cent. Surely this cannot be considered an unreasonable profit when the cost to the lender of his capital, the risk assumed, and the other overhead expenses of the business are considered.

"It is easily seen with much of a cut in the lawful rate the majority of the companies would be obliged to cease business and look for other fields in which to invest their capital. The greatest sufferer from this procedu would be the borrower, wh would then have a very limit field in which to secure his loa and there would never be th same opportunity for scientific r duction of the rate as ther would be by competition among the lenders."

Customers' Needs Shoul Be Controlling Elem

IN the face of constant exp sion of the sources of fi cial and mercantile cr available to the mass of the ple, a fundamental responsib of personal finance compa is to see that their credit fa ties are wisely used by their tomers and are instrumenta improving their individual uations, declared Thomas G. son, of Atlanta, at the ann meeting of the Georgia Asso tion of Personal Finance C panies in Atlanta January 2

"Until you know accura the need a client presents," son said, "you cannot deter the kind and amount of ser which is necessary."

At the banquet of the Asso tion attended by many known figures in the state's litical life, Chief Justice Rich B. Russell delivered an add in which he said that the ne sity for adequate develop of the small loan business amply demonstrated by the gle fact that "less than 16 cent of the adult populatio the country has bankable c it." He endorsed the effor personal finance companies place responsible financial sources at the disposition of remaining 84 per cent of population.

Officers of the Associat elected for the ensuing y are:

President—R. R. Lanham.
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PERSONAL FINANCE NEWS

PUBLISHED BY THE AMERICAN ASSOCIATION OF PERSONAL FINANCE COMPANIES

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The Trend of Our Affairs

JUST suppose there were no personal finance business. Suppose that no one had ever undertaken the painstaking research and experiments out of which it rew; that millions of families were without ecent credit facilities in time of need.

Try to imagine, without benefit of hindight, the conditions which would now exist xcept for the service which this business enders. Try, then, to visualize the specters f personal anxiety and humiliation which ould haunt the homes of this country, and he burden of care and loss which would rest pon retail merchants and professional people ho serve our present customers.

★ ★ ★

Who Needs Personal Finance Service?

What would be the problem thus prented? It would be this: Between the relatively small group of families who can command adequate mercantile and bank credit nd the even smaller group of families who ust seek charity, there are literally millions f American families, occasionally needing nancial resources beyond their immediate avings, who would be demanding some eans of meeting their emergencies without ppression and without loss of self-respect. They are self-respecting people. They ork for their living; support themselves; ave a little money and carry some life insurnce; and endeavor to secure for their children a few more advantages of education and environment than they have enjoyed.

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Why is That Service Needed?

Such families, an inconspicuous multitude, are the backbone of our democratic society and the purchasing-power base of our whole economic structure. Sickness, death, loss of a job, need of a little capital for a business opportunity—all are contingencies which may alter their financial well being. What can they do? Their earnings have gone into making a home, not into interest-bearing securities which would open the way to bank credit. Self-respect enforces privation before they seek the aid of friends. Suffering is preferred to asking for charity.

These people demand opportunity to deal self-reliantly with their own emergencies on a business basis. They seek no charity; they prefer to pay their way—but they demand that there should be a way for them as well as for those of ampler means.

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That is the problem in its true scope and nature. Have you ready in mind, to meet these common needs and intense wants, a plan better than has yet been developed? Or, do you conclude that progress already made provides the foundation for further advances?

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Twenty to Thirty Billion of Retail Credit Outstanding

Cost of Carrying Open and Installment Accounts Has Become Large Item, Dr. Julius Klein Declares

By JOHN MARRINAN

Financing Mass Credit

PROBABLY no topic commands as much interest in the field of distribution today as does consumer credit and its cost. Six and a half billion dollars of installment credit! From fifteen to twenty billion dollars of open book accounts! Where, indeed, is the business in which the degree of delinquency in outstanding credit is not very nearly the margin between profit and loss?

So, too, are there few subjects of general economic interest to which personal finance service is more intimately related. This article analyzes existing conditions and some of the plans devised to avoid delinquent credit. It provides a broad basis for later discussion in THE NEWS of the responsibilities placed upon the personal finance business and, in turn, of the benefits derived by the entire business structure from the stabilizing force which this type of service represents.

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THE retail credit structure in the ted States has anded at an zing rate during past eight or ten rs. It is esti- ed that between and 30 billion ars' worth of chandise now is g sold at retail y year on some n of credit.

oreover, prelim- y studies of the il credit situa- made both by rnmental agen- and private ness bureaus have disclosed pected, and sometimes start- facts bearing upon credit tices and consumer habits have made apparent the need for thoroughgoing examination of the subject from the standpoint of both the merchant and the consumer. In consequence, steps now are under way to develop a more certain technique of credit extension — a technique which not only will serve the interests of the individual but also will contribute to the stabilization of business on a national scale.

Twenty Billion

Originating with anxiety among economists regarding the rapid expansion of the installment business, the credit inquiry now is more directed at open book accounts which, preliminary surveys have disclosed, constitute by far the greater percentage of the total retail credit of the country. The best estimates available place the

aggregate of installment credit at about $6,500,000,000 as compared with a grand total of all retail credits somewhere between 20 and 30 billions of dollars.

The National Retail Credit Association has been actively dealing with the problem in two directions. First, it requested the Department of Commerce to undertake a national retail credit survey, and more recently it has itself launched a nation-wide educational campaign directed at the consumer which seeks to reduce delinquencies in credit accounts.

The Association estimates that about 15 billion dollars in retail credit is *constantly delinquent.* Reduction of the present 70-day rate of turnover in accounts receivable to 40 or 50 days, it points out, "would release an enormous sum of money for business expansion and would tend to stimulate business all down the line from consumer to manufacturer and producer." The saving in interest alone through such an acceleration of credit liquidation is estimated at $100,000,000 annually. The campaign does not seek to curtail consumer credit, it is emphasized, but merely to eliminate the vast economic wastes involved in avoidable tardiness in the liquidation of credit accounts.

A Vital Factor

From an original attitude of hesitancy about so comprehensive a task as a national survey of the credit structure, the Department of Commerce now sees in the project a vital factor in its studies of the distributive machinery of the country to which more recently it has been giving special attention.

"A material part of the cost of distribution comes from the costs of extending credit to the consumer," states Dr. Julius Klein, Assistant Secretary of Commerce. "While available data indicate that with up-to-date methods of credit scrutiny, the actual losses from bad debts are not very heavy, it does appear that, when the costs of credit scrutiny, book-keeping and collections are included, the total costs of extending retail credit are heavy. *The mark-up on goods sold on extended credit is frequently very much greater than any normal interest charge on the outstanding payments.* And yet the competition in this field is so keen that it appears certain that added costs to the consumers do not appear as added profits to the retailer. Apparently there are heavy costs involved in the extension of retail credit which are a real burden on the retail trade as well as on the consumers.

Wasteful for All

"Any unnecessary mark-up in consumers' prices caused by charges to cover wasteful practices is a drag on all classes of business as well as a burden on the consumer. Those retailers whose costs are abnormally high undoubtedly suffer. It is just as true that unnecessarily high prices discourage buying and reduce the sales of both manufacturers and other producers. On the other hand, anything that will help to reduce the cost of extending retail credit will be a boon to consumers, retailers, wholesalers, manufacturers, and farmers.

"It is my observation that a careful analysis of any commercial field will show ways in which efficiency can be increased and wastes reduced. Business conducted on a basis of the knowledge of fundamental related facts is always more e cient than business conduc on uninformed opinion—in ot words just 'hunches.'

"The uncertainty regard the safety of present cr practices, and the known fa regarding the high cost of cr extension, as practices now ex render it very important t the fullest possible analysis the underlying facts should made available to the Ameri business public at an early d

"Credit running into the lions of dollars needs very ca ful oversight by the busin men of the country. An a quate oversight is not poss without more thorough kno edge of the situation. Co tions might get out of hand certain directions if devel ments were allowed to pass analyzed. With complete kno edge of the situation, credit tension can be kept within s and constructive limits."

Credit Survey

Following a preliminary tional survey of retail cr conducted by the Departmen Commerce last year, the final port on which has not yet b made available, the Departm has announced more recently intention of maintaining re larly a current check on tre in consumer buying and re credit. In behalf of the Dep ment, William L. Cooper, Di tor of the Bureau of Foreign Domestic Commerce, announ within the past month that Bureau would hereafter col semi-annually, commencing J 1st next, nation-wide reports sales and credit trends in the tail field.

"The decision to undert regular periodical credit veys," Mr. Cooper stated, "i response to a petition to the partment of Commerce by

tional Retail Credit Associa-
n, reflecting the wishes of a
ge proportion of the retail
ablishments of the country.
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he statistics gathered by the
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reaus, use of finance companies,
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tent of installment credit, and
llection percentages have been
certained. The original survey
as expanded at the request of
edit and business specialists to
clude also studies of the causes
retail failures and of bank-
ptcy in Louisville, Philadelphia,
ewark, and Kansas City.

Work Under Way

"In accordance with the decision
gather this type of informa-
n semi-annually, beginning July
t next, questionnaires are being
epared and will be ready soon for starting the preliminary work of the project. They relate to such subjects as the percentage of business done on a credit basis, the promptness with which accounts are being paid, the value of each month's sales, the extent of installment sales, losses from bad debts, the losses caused by fraudulent buying and fraudulent checks. Losses caused by the acceptance of fraudulent checks, and other associated methods of obtaining money or merchandise, will be ascertained for the first time in addition to the usual losses from bad debts.

"More detailed information regarding the problem of returned merchandise, the importance of which has been indicated in preliminary studies, will also be sought in the new semi-annual surveys.

"Data will be gathered from seven types of retail stores, consisting of furniture, department, jewelry, men's clothing, shoes, women's specialty, and electrical appliance stores, through the cooperation of the local credit bureaus and the District Offices of the Department of Commerce.

"Merchants in the following 23 cities will be asked to cooperate in furnishing the information: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Indianapolis, Kansas City, Los Angeles, Louisville, Minneapolis, New Orleans, New York, Philadelphia, Pittsburgh, Portland, Ore.; Richmond, Va.; St. Louis; San Francisco; Seattle; and Washington, D. C."

According to Dr. W. C. Plummer, whose services have been loaned by the Wharton School of the University of Pennsylvania to direct the national survey of retail credits, "the survey should make it possible to place credit extension on a scientific basis and thus eliminate any undue burdens on either retailer or consumer."

Continuing Effort

Officials of the Department of Commerce believe that after the pioneering work has been completed, it will be possible, through the cooperation of local credit bureaus and finance companies with the district offices of the Bureau of Foreign and Domestic Commerce, to place the survey on an institutional basis as part of the regular schedule of the Department's "Survey of Current Business."

The final report on the first national retail credit survey conducted by the Department last year is expected to be made public within the next few

Who Bears Credit Costs?

To Dr. Julius Klein, Assistant Secretary of Commerce, has fallen much of the rôle in public life relinquished by President Hoover when he left the Commerce Department for the White House—that of analyzing and interpreting problems of business. In the accompanying article appears this significant quotation from Dr. Klein's views on consumer credit:

> "A material part of the cost of distribution comes from the costs of extending credit to the consumer. While . . . the actual losses from bad debts are not very heavy, it does appear that, when the costs of credit scrutiny, bookkeeping and collections are included, the total costs of extending retail credit are heavy.
>
> "The mark-up on goods sold on extended credit is frequently very much greater than any normal interest charge on the outstanding payments. And yet the competition in this field is so keen that it appears certain that added costs to the consumers do not appear as added profits to the retailer. Apparently there are heavy costs involved in the extension of retail credit which are a real burden on the retail trade as well as on the consumers."

weeks. Officials indicate that the facts and conclusions set forth in the preliminary report on this survey will not be modified in the final report. Rather will they be strengthened by a larger body of supporting facts and more detailed segregations of information.

Extent of Inquiry

The preliminary report on retail credits made public last June covered an examination of the credit operations of 1,876 retail establishments with an aggregate business during 1927 of more than a billion and a half dollars. This report was confined to incomplete returns from 440 department stores with total sales of $1,315,014,964; 339 automobile dealers with total sales of $145,954,000; and 1,097 grocery stores with total sales of $107,836,000.

Besides the final returns on these branches of the retail trade, the forthcoming final report will also include credit statistics in such other lines as men's clothing, women's wear, shoes, furniture, hardware, coal and wood, lumber and building materials, automobile accessories, and jewelry.

Perhaps outstanding among the facts ascertained in the Department's preliminary credit survey was the large and increasing percentage of credit business being handled by the retail establishments studied, and the relatively small percentage of loss charged directly to bad debts. Returns from 440 department stores showed that approximately two-thirds of sales in 1927 were for cash and one-third for credit. The exact figures were 66.5 per cent cash; 27.4 per cent open credit (regular charge accounts); and 6.1 per cent installment credit.

On the basis of returns from 243 stores reporting for the years 1925, 1926 and 1927, it was found that while cash sales increased only 0.2 per cent over those of 1925, open credit sales increased 6.7 per cent and installment sales 15.1 per cent.

Computing the credit loss percentages of department stores by taking the ratio of total bad debts to total open and installment credit sales, respectively, it was disclosed that the average loss on open credit accounts was 0.4 per cent and on installment accounts 1.1 per cent, almost three times as much.

Open Account Losses

Classifying the stores according to size, it was found that open credit losses vary inversely with the size of the establishment, that is, the larger the store, the smaller the proportion of open credit losses.

Segregating stores by geographical districts, it was discovered that the ratio of open credit losses to open credit sales varied from as low as 0.2 per cent in New England and the Central Northwest to as high as 0.9 per cent in the West Mid-Continent region, and that installment losses varied from 0.1 per cent in the Central Northwest and West Mid-Continent regions to as high as 1.5 per cent in the Central Atlantic States.

Reports from 1,097 independent retail grocery stores showed that 43.7 per cent of their total sales were for cash and 56.3 per cent were for credit. The larger stores did a much larger credit business than the smaller ones. Wide differences were shown to exist in the extent of credit business in the grocery trade in different geographical regions.

Grocery Losses

The percentage of bad d on open credit accounts for grocery stores doing a cr business was 0.6 per cent. H again it was shown that bad debt losses varied inver with the size of the stores f 4.9 per cent for stores with tal sales under $9,000, to per cent for stores with t sales in excess of $250,000 annum.

A study of the use of cr bureaus showed that the dep ment stores which used th credit facilities had appr mately the same proportion losses as those which did However, in the automobile grocery lines, it was shown t establishments which emplo the credit bureaus, taken groups, had considerably lo credit loss percentages t those which did not.

Returns and allowances department stores were sh to be an important factor their business. Counting re sessions as returns, the u practice of such stores, it disclosed that while the perc age of returns and allowa on cash business was 6.8 cent, on open credit sales percentage was 21.1 per c and on installment sales 12 cent.

Factor in Failures

As a contingent part of credit survey activities, the partment of Commerce is deavoring to ascertain the nomic reasons for the ba ruptcy and failure of re establishments. The morta among small independent est lishments, it has been found quite high. Dr. Klein says:

> "These smaller merchants—w their innumerable stores wh business, in whatever volume, cessantly proceeds—form backbone of our American bu

ess organism," states Dr. Klein. t is on their diligent, but wholly npretentious, activity that many the imposing, eye-smiting mercial structures inevitably rest. housands of them are not mem- rs of chambers of commerce or ade associations; they never ad trade papers, or sit 'in con- rence', or go to noisy conven- ons. They are just plain busi- ss men, citizens, taxpayers. ut they, more than any other ngle element in our business mmunity, are most constantly, gularly, and intimately in con- ct with the mighty army of our nsumers.

"They may be careless, short- ghted and, therefore, short- ed commercially, but do not get e idea for one moment that be- use they are inconspicuous and articulate, they are unimportant. they fail, it means a great deal dollars and cents to every one us; do not doubt that for a oment. Such failures mean ec- omic waste that must be made od by somebody through higher ices and greater inconvenience.

In Louisville

"An examination of numerous tail grocery stores in Louisville hich were on the verge of bank- ptcy showed that, as a group, ey had an average credit loss veral times as great as that of more prosperous stores that re studied. The ratio of bad bts to total sales for well-con- cted grocery stores is less than e-half of one per cent. But we nd one group of bankrupt res whose losses from bad bts reached the stupendous fig- es of from 14 to 34 per cent of eir total sales. In the case of ner stores among the prospective nkrupts, undue laxity in credit tensions was a major contribut- factor. The average credit s—that is, the ratio of bad bts to total sales—for the 416 res studied in Louisville was 3 per cent.

"We have just completed a sim- r study in Philadelphia, cover- 1,450 retail grocery stores. e found that much less credit is tended, proportionately, in Phil- elphia than in Louisville and t losses on credit sales are pro- rtionately less. The Quaker y is about six times as large the Kentucky metropolis, and linarily business relationships more and more impersonal in ies as the cities grow bigger. iendship and neighborliness be- een seller and buyer are often ponsible for large credit losses. 'You cannot easily measure, or forth in statistical form, such orce as inefficiency, but the un- ntific methods and practices t we uncovered indicate that s is one of the important causes failures. Most of the business men who failed kept no records. Many of them never took an inventory. Very few of them had ever given consideration to the relative costs and profits of the various departments of the store or the several lines or items sold.

In Philadelphia

"About a quarter of the failures in Philadelphia had had no previous experience in the grocery business. They had been wool sorters, shoemakers, meat cutters, peanut vendors, tailors. You could hardly say that these occupations prepared them for successful careers as retail grocers. Apparently they felt that all you had to know was how to wrap up packages and wear a white apron. Possibly they deserve credit for their ambition, but it proved, in these particular cases at least, to be unwise.

"In a number of cases the grocers who had failed in Philadelphia said that their trouble was due to competition, especially from chain stores. Competition was keen; there was no question about that; but it was also true that where competition was keenest, some stores, including independents, were doing good business and apparently prospering."

These studies of retail failures which the Department of Commerce has carried out in Louisville and Philadelphia, at the request of local business organizations, have been thorough, but an even more complete and intensive study is to be made in Newark, New Jersey, as a part of the general investigation of this vital subject. In the Newark survey the Department has the privilege of cooperating with Judge William Clark, of the United States District Court of New Jersey; representatives of the Yale Law School, and the North Jersey Association of Credit Men.

Further Studies

Through these means it hopes to present the fullest and most practical statement of the causes of retail failure that has ever been obtained. It is apparent how immensely advantageous it will be to utilize the long experience of a busy bankruptcy court in settling cases of retail failure. Besides the indication of causes, it expects to get a good deal of legal information to show the cost of liquidation by the different methods, the length of time required, and the difficulties that present themselves in obtaining settlement of the affairs of a defunct business. In Newark it is planned to study at least a thousand stores, and these are to include all lines of retail trade.

In connection with its studies of the credit practices of prospective bankrupts in the grocery trade in Louisville, investigators of the Department of Commerce found time to go behind the scenes to the consumer in an effort to ascertain the reasons for credit delinquencies and defaults. This phase of the study disclosed conditions which are familar to personal finance companies. Commenting on this aspect of the preliminary credit survey, Dr. Klein states:

"At times, when bad debts seemed excessive, the investigators went beyond the storekeepers' records and visited the customers themselves. Here they discovered the real reasons why people did not pay. Often there were no sound reasons at all, and the situation was merely discreditable to the defaulting customers. But sometimes death had laid its remorseless hand upon the household. Or, short of this, there may have been the long expense and suffering of illness. Possibly the wage earner of the family had lost his job, and poverty prevented settlement. Back of what the business world would describe as 'frozen credits', there lay at times a poignant, moving human drama."

Recent Trends Shown in Report to Business Survey Conferenc

Collections Slow But New Loans Normal, Thompson Says This Business Acts as Bumper for Mercantile Lines

CONTINUING its service in the nation-wide effort to alleviate, in so far as possible, the depression growing out of the decline in securities prices, the American Association of Personal Finance Companies recently submitted to Julius H. Barnes, Chairman of the National Business Survey Conference, a report on developments in the business since the turn of the year which are of general economic significance.

The report, based upon data received from representative personal finance companies, was in the form of a letter by Francis L. Thompson of Shelbyville, Ind., President of the Thompson Finance Corporation, and Chairman of the Executive Committee of the American Association of Personal Finance Companies, in response to an inquiry from Barnes concerning changes in conditions within the business which had taken place during the first quarter of 1930.

Important Trends

In response to Barnes' request that trends during the early months of the year be compared with normal trends during the corresponding period, Thompson wrote:

> "Normally we find only a slight variation in our business from month to month. During the month of January, when large numbers of families are liquidating past due obligations of the previous year, we enjoy a large business.
>
> "In February, owing to the shortness of the month and holidays, collections as a rule are slightly below normal. A recovery comes during the month of March, with business by April first on a thoroughly normal basis.
>
> "General reports throughout our business indicate a slight sluggishness in payment on accounts, although the amount loaned is about normal. This indicates that the personal finance companies are carrying a goodly portion of the financial burden, caused by inability of the people to meet their obligations, that would otherwise of necessity be borne by the retail business of the country.
>
> "Going more into detail in answer to this question, it might be well to call to your attention th the personal finance business, making small loans to families, carrying millions of dollars past due payments and loans th would otherwise be upon the boo of the business houses in the respective communities. Instea the cash furnished by the person finance companies has been imm diately released into ordina business channels. From th standpoint, personal finance is outstanding business stabilizer f the reason that many hundre of thousands of self-supporti families are helped over their l income periods and are able maintain their credit standi with business and professio men, for services and commoditi purchased."

In order that they might be lated to facts concerning ot businesses and industries, Ba desired that "the best avail indicators for determining c ditions in your line of busin be designated.

Loans and Collections

Thompson declared that ' best available indicators for termining conditions in our dustry are the demand for one commodity — money — small amounts by wage-earn families, and the percentage collections on loans previou made. It is a proven principl our business that people ap more freely for loans w steady employment assures th of the ability to meet their c gations."

Experience of the Philanthropic Companies Led to Present Laws

Noted Economist Traces the Connection of Sage Foundation with Development of the Personal Finance Business

1909 - 1930

DR. ROBINSON'S chronicle of the events of 1909 which led to the establishment of the Department of Remedial Loans of the Russell Sage Foundation, and of the subsequent evolution of a 3½% interest rate for small loans, today is considerably more than the interesting record of the first reachings of a great movement.

Well might those who deal with intimate problems of family finance by passing the laws which regulate the personal finance business take to heart the fundamental lesson taught by the trial-and-error process in the experimental operation of the philanthropic loan societies two decades ago—the lesson that stable, reputable capital must be assured an adequate return before it can be enlisted in this community service.

★ ★ ★

STUDIED comments upon two important facts connected with the personal finance business—the origin of relationship of the Russell Sage Foundation to this financial service, and the main reasons why the Foundation designated 3½% a month as a proper charge to cover all costs of making and collecting small loans—are offered by Dr. Louis N. Robinson in an article in the current number of the *Catholic Charities Review.*

Contrary to the impression that the rate of charges provided in the Uniform Small Loan Law was hit upon arbitrarily simply because it was substantially less than that which the illegal operators formerly charged, the article develops the affirmative evidence that it was established on the basis of the experience of philanthropic loan societies which had operated at a rate of 2% or 2½% and found that the profit therefrom was insufficient to attract reputable private capital to this field of necessary financial service.

Foundation Work

"Social workers who long have looked to the Russell Sage Foundation for leadership in various fields of social work," declares Dr. Robinson, "have not given much thought to the fact that its Department of Remedial Loans has contributed indirectly more to the welfare of families than perhaps any of its various other departments.

"In 1909, the Russell Sage Foundation financed two studies

of small loans—one a study of chattel loans by Arthur H. Ham, and the other a study of salary loans by Dr. Clarence Wassam. The findings of these two men were considered so important that shortly thereafter the Foundation secured the full-time services of Mr. Ham to investigate still further this curious and most important field of finance, and the Department of Remedial Loans thus came into existence."

Early Practices

Pointing out that these early studies "revealed the fact that there was a genuine need for small loans and that they could not be made at anything like the legal or contract rate of interest," Dr. Robinson describes the investigations by which the Foundation ascertained the treatment which was being accorded borrowers of small sums by private lenders who operated without legal sanction prior to the development of licensed small loan companies. The Foundation, he writes, then reached the conclusion that solution of the problem lay not in merely driving illegal lenders out of business, but in developing effective competition which primarily would serve the need which was becoming generally recognized, and incidentally would compel the undesirable type of business either to reform its practices or to abandon the field.

It was this latter line of reasoning which was followed. "Remedial loan organizations were brought into being in various cities," the article continues, "by enlisting the aid of philanthropically-minded m e n and women who were willing to put some of their capital into a project which promised, even if successful, to pay them a very limited rate of return. These organizations made loans at rates far below those charged by private business concerns, and it was hoped that the competition of the remedial loan organizations would force a general reduction in rates.

Partial Success

While assisting many families, the demand for small loans was so great in every city that these philanthropic loan companies were not able to dominate the field. They did not, therefore, have much influence upon the rates charged by private lenders. They did, however, yield a fund of information and experience that proved useful in the larger plan which the Foundation finally developed.

"The more the Foundation studied the problem, the more it became convinced that a better solution would be the enactment by each state of a law which, while fully protecting the borrower, would make it possible for private capital to enter the field as a business proposition, openly and unafraid. The so-called Uniform Small Loan Law, now with some modifications the law in some twenty-four states, is the embodiment of this plan."

The article deals with the purposes and provisions of the small loan law, indicating the protection which it affords necessitous borrowers, and describing the manner in which the operation of the companies licensed under it soon become an effective check upon extortionate lenders.

Not Pure Interest

Going to the question of the rate, Dr. Robinson concedes that "to those who have m no stud- of the small lo p lem, 3½% per month still se an unconscionable rate of in est. In deciding on this r the Foundation had the ber of the experience of the phi thropic loan associations. Th concerns were charging 2% 2½%." Their profits were small as to establish conclusi that if private capital were be attracted to this commu service as a business prop tion, "the rate would have t somewhat higher."

"By no stretch of the im ination can the rate be thou of as true interest. The 3 charge includes the cost of vestigating the home and of termining the capacity of prospective borrower to re his loan. It also covers the of collecting the driblets wh come in to the office weekly monthly, rent of office, t phone, telegraph, postage, fice equipment, taxes, emplo salaries, licenses, advertis recording fees, bookkeeping auditing.

"The Department of Re dial Loans of the Foundatio still working on the small l problem, each year acqui more information, hoping to more light on some of the solved problems in this fiel credit. Social workers, in tending relief to families have failed to meet their fi cial emergencies, do not alw realize what struggles m families undergo who do fin succeed in weathering the st without an appeal to cha Had not the Department Remedial Loans developed workable plan whereby co less families could get s loans from business conce the various family relief or izations would have found t task harder than it now is."

nterview Shows Varied Needs for Personal Finance Service

xamination of Records of One ompany Reveals 100,810 Bor- owers Representing 1,704 ccupational Classifications

uite as interesting as the y of the man himself is the y of his broad experience n human nature in times of ncial distress, as told by Neil Clark in an interview with C. Harbison, president of Household Finance Corpora-, in the March number of *American Magazine.*

was Harbison's capacity to up people, while working in cycle shop in the late nine-, "and decide whether they ld bring the bicycles back" gave him the training that taken him to the presidency he Household Finance Cor- ation, with its 115 branches welve states, its 200,000 cus- ers and its $30,000,000 of s in amounts of $300 or

Who Are Borrowers?

fter describing the evolution he personal finance business during Harbison's connection with it, Clark quotes him, as follows:

"Not long ago we listed the occupation of the 100,810 borrowers then on our books. There were 1,704 occupations. Over 8,000 were listed as laborers—the largest group. Next in numbers came 5,000 salesmen, then 4,000 clerks and 4,000 machinists. Following these, in the order named, were teachers, carpenters, painters, decorators, foremen, chauffeurs, owners or operators of businesses, factory hands, operators, mechanics, truck and wagon drivers, rooming and boarding-house keepers, firemen, engineers, managers, watchmen and janitors, electricians, miners, farmers.

"These occupations accounted for more than sixty per cent of the borrowers. Others were scattered among many groups. Running over the list, I notice a couple of midwives, several sea captains, missionaries, morgue keepers, organists, chicken pickers, hundreds of policemen, printers, ministers, prize fighters, a psychologist, six saloon keepers and three bootleggers, scavengers, scene shifters, a valet and a vocational specialist, three aviators, one balloonist, two authors and eighty-two artists, p r e t z e l makers, two border patrolmen, eleven butlers, a cantor, a cistern cleaner, three fortune tellers, three grave diggers, a lighthouse keeper, a hamboner, and one financier.

"They are the people you know, your friends and mine, people who work in the same office or shop, eat in the same restaurant, go to the same shows; some of them you never would suspect of needing a dime."

Interesting Cases

In this interview, Harbison recounts numerous interesting instances of the extension of personal finance service through his company, including the following:

"Once, in Washington, D. C., when I had an office there, an

important-looking man came in. He wore a long-tailed coat and a high silk hat, and looked like a senator or ambassador, at least. But you never can tell. It turned out he was a former United States patent commissioner who had lost his job with the government and was caught flat. Could we let him have a couple of hundred?

"A socially prominent physician in a Pennsylvania city, 'temporarily embarrassed,' borrowed to entertain during a convention.

High Salaries

"In a list before me I find the following borrowers: assistant state's attorney, salary $700 a month; attorney for a large taxicab company, salary $10,000 a year; sales engineer for a public service company, salary $1,160 a month; superintendent of schools, New Jersey city, salary $5,000 a year; assistant general manager of a Brooklyn department store, salary $150 a week.

"And so on. If you took the average movie audience, say, or people who ride in the same street car, or the people driving on the boulevard next Sunday, or those living within half a mile of you, you would probably have a fair cross-section of the kind of people who borrow from us.

"And our records are crowded with cases of people who borrowed a little in a time of stringency and came through with colors flying.

Constructive Results

"One chap in Chicago owned a horse and buggy, and little else; he made a business of hauling trunks to and from the depot. He borrowed enough to buy a small truck, second-hand. In a few years he owned ten large trucks and a prosperous business.

"An inventor borrowed enough to take out a patent on a hairpin. He sold it, and his royalties made him independent.

"An ambitious chap in Atlanta had a job as railr switchman. He was marr and the father of two child and his wages barely kept th alive. He decided to study at night school and borrowe pay his tuition. He had the s to stick and was graduated v honors. To he is a partne a large law fi owns much v able real est recently pa $14,000 fo home, and is elective officia the city.

"There are h dreds of moo cases, too, t mean every bi much to the milies concer A city firer had a sick w and child, and bills swam him. Credi were on his he and the fire c gave him th days to pay up be fired from force—accord to city reg tions. He cam us, but his aff were too bad.

"'You c have a cent,' was told.

"He walked away the pict of despair. In half an hour was back, his jaw set.

"'Mister,' he said grimly you don't let me have t money, it's the end for me— the wife—and the kid.'

"There was no mistaking meaning or the fact that he in earnest. To save a n thinking it was money lost, loan was made. He paid rent installments on his de

1,704 Out of 2,000

In the course of these reflections by a personal finance executive is developed the fact that 100,810 borrowers from a single company represented 1,704 occupational classifications. The latter figure, in itself, sheds considerable light upon the degree to which personal finance service is woven into the warp and woof of our entire economic pattern.

But that figure does not acquire its full significance until it is realized that *there are only 2,000 occupational classifications,* according to Department of Commerce statistics based upon the 1920 census. And 1,704 represents only the families doing business with a single company at a given moment. What would its records show over a year? What would all the companies taken together show over a similar period? Just one thing: that, irrespective of what his station in life may be, the man is rare indeed into whose affairs unforeseen and unforeseeable emergencies do not come.

ıd in a year or so had cleared ıem all off, including our loan.

One Experience

"I have a notion that being oroughly 'broke' once is a ving experience for lots of lks. We have customers by e thousands who come to us in me crisis and borrow one, two, maybe three ındred dollars, ıen pay the oney, and we ever see them gain. No doubt e experience aches them to an better.

Tragedy

"Some cases ing us face to ce with tragedy. man almost dis- acted came to e of our offices. is little girl had st died. The dertaker would ot bury her thout cash, and e father had ne.

" 'If I can't get e money from u,' he declared, th tears in his es, 'I'm afraid r my wife's ason.'

"We made a midnight inves- gation, and let him have the oney next day.

"Bear in mind," said Mr. Har- son, "that nearly all borrow to eet absolute necessities.

Sickness

"Among immediate causes, ckness ranks high. Figures ve been gathered showing at about thirty per cent of who borrow small sums have to do so because of the need for some sort of medical care: hospital, medicine, surgeon, nurse, doctor, dentist. One investigation shows that of one thousand city families, three hundred will get through a year with little sickness; the rest will have a good deal, and one hundred and sixty will have to pay more than three hundred dollars each for medical care. Often, doctor and hospital bills amount to one-third of the annual income.

To Group Debts

"A good many borrow to consolidate debts. A dozen pressing bills may confuse them terribly; but if they can get a loan and wipe off all the debts, they settle down happy to pay the loan on a budget basis."

Why Do They Borrow

Mr. Harbison selected 6,336 cases at random, and had them analyzed. Reasons given by borrowers for needing the money were as follows:

Current expenses	2,001
In connection with property ownership (taxes, mortgage and interest payments, repairs and improvements, etc.)	1,312
Medical care	956
To buy things out of the common run (the list included a banjo, cemetery lot, brace for an artificial limb, divorce costs, union dues)	767
To pay back money previously borrowed	309
For education	266
For clothing	226
Business expenses (to start a business or pay bills)	194
Insurance	116
Sundry emergencies (to pay bail, fines and lawyers' fees; to live on while out of work, etc.)	115
To buy coal	69
To have cash on hand	5
	6,336

—AMERICAN MAGAZINE.

Evasions of Lloyd Act Held Invalid

IN response to a request made at the instance of the Ohio Industrial Lenders Association, as a part of its continuous effort to prevent evasion of the intent of the Lloyd Small Loan Law by means of subterfuges, the Attorney-General of Ohio recently defined the meaning of an important provision of that law. This opinion holds that a company cannot have a borrower made the payee of a note executed by a third party, discount the note at less than its face value and have the borrower redeem it in its full amount, without procuring a license for every one of its offices taking part in such transactions.

The Attorney-General held that the relation of borrower and lender actually exists "notwithstanding the fiction whereby the borrower is nominally the payee and the seller of the note. Under such circumstances, it becomes necessary to draw aside the veil, look through the fiction and consider the actual facts." The effect of the ruling is to prevent such transactions by bringing them under the control of the licensing provisions of the law, and to prohibit deduction of charges or discounts in advance in the making of small loans.

Classifying Small Loans by Varieties of Financing

New Plan Would Show Financial Situation of Customers at the Time of Seeking Loans

By FRANKLIN W. RYAN, *Ph. D.*
Vice President and Economist
NATIONAL CASH CREDIT ASSOCIATION

HARM of not inconsiderable proportions has been done the reputation of the personal finance business by the naïve assumption—and the hasty acceptance of it—that practically all of the customers of licensed companies are persons free from debt at the time of applying for loans, who, by some unexplained legerdemain on the part of personal finance companies, are tricked into becoming indebted.

If that assumption were true, it would constitute a formidable attack upon the principle that small loan service is based upon unquestioned social necessity. The danger of this facile assumption is even clearer when it is realized that it requires only one more step in the same direction to assume that, by some equally unexplained process, the companies contrive to keep customers in debt.

Widely Believed

It is my impression that there is widespread acceptance of these two propositions, namely, that the companies get borrowers in debt and then keep them in debt. It is my belief, further, that they exert a profound influence upon the reputation which this business has in the mind of the general public. Accordingly, when we state these propositions, marshal the facts bearing upon their accuracy and seek a means to dispel such assumptions they are false, we by no mea are indulging simply in the fa orite parlor trick of setting up straw man to be torn down by few well selected argumen Quite the contrary; we are de ing with a serious but unwa ranted drain upon the vitality small loan service.

Dr. King's Study

What is the fact as to the fi proposition? Is the availabili of credit in the form of sm loans the instrument by whi people "get into debt"? Wh Dr. Willford I. King classifi the purposes of 16,079 custome of New Jersey loan companies applying for loans, he found th the liquidation of other deb was the reason assigned in 32. per cent of the cases; that pa ments for current expenses we assigned in 36.44 per cent of t cases, and expenses arisi from illness or death in 10. per cent of the cases.

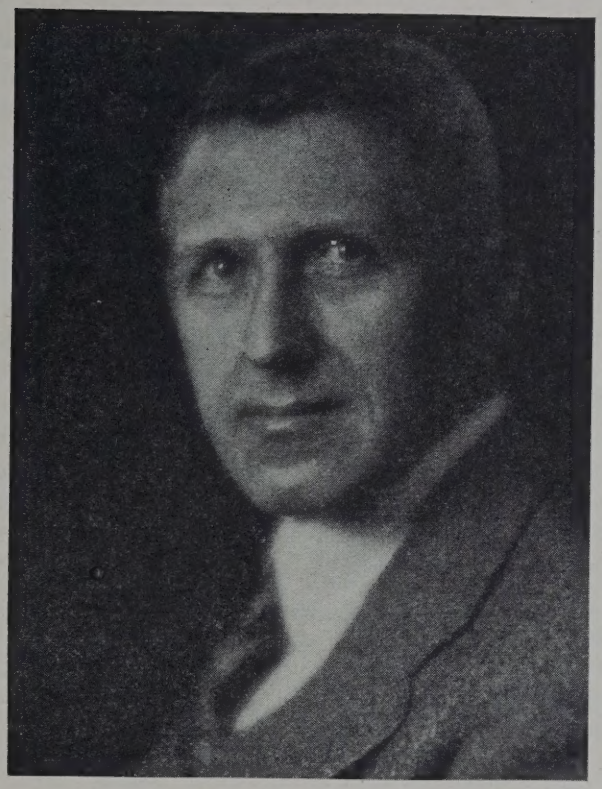
Let us examine Dr. King's r sults. One-third of the loa were made to liquidate and co solidate other debts. At least these cases, the availability this form of credit not only d not "get people into debt" or g them in any deeper than th were before, but instead ma

possible for them liquidate their in-btedness in orderly shion over a rela-vely limited period time

Uncertainties

Now look at the her figures, 36.44 r cent, and 10.99 r cent, which, taken conjunction with .46 per cent, repre-nted roughly eight rrowers out of ten. e 36.44 per cent as-ned to Current Ex-nses, in many cases, doubtedly repre-nted substantially e same thing as if e purpose had been ted as that of liq-lating other debts. e applicant, when ked why he desired oan, probably said, o buy coal," or "To y an overcoat," her than the more ecisely accurate "To y a bill for coal al-dy bought." What-er the case, how-er, the result is the ne. The loan was de either to pay a bill already tracted, avoid the contraction a merchandise debt, or avoid ng without coal, clothing or ne household necessity. Sub-ntially the same reasoning lies to the 10.99 per cent loans arising from expenses ident to illness or death.

Accordingly, on the basis of King study, it fairly may be d that at least eight persons of ten—and probably more, ause many borrowers would inclined to deny the existence other debts for fear it would ke it harder to obtain a loan—re already in debt when they de their applications or made them to avoid incurring obligations elsewhere.



Dr. Franklin W. Ryan

IN this article, Dr. Ryan places his finger directly upon a sore spot of the personal finance business and then does what few writers do—undertakes to develop a remedy that will cure. His reasoning deals frankly with two irritating and long-standing fallacies and constructs a solution deserving of the careful consideration of every person desirous of making another step toward the solution of credit problems.

Scope of Inquiry

Prior to the publication of Dr. King's study, I desired to satisfy my curiosity on this point. I asked fourteen loan men of long experience, operating in New Jersey, Pennsylvania and Connecticut, to give me their rough estimates of the different varieties of personal financing. I sought their classification on the basis of

(1) Customers free from debt before borrowing money and whose borrowing gets them into debt.

(2) Customers already in debt and who incur an additional debt by borrowing but who do not use this borrowed money to pay off or reduce previously contracted debts.

(3) Customers borrowing to pay off one debt already owed.

(4) Customers borrowing to pay off or consolidate two or more previously contracted debts.

The estimates of these fourteen experienced loan executives are detailed in the accompanying table. Of course, some loans partake of the nature of two different classes, but in the plan outlined in the accompanying tables, all loans are classified according to the variety of personal financing which predominates in each loan.

Before examining these estimates, it is interesting to note how closely their average in the important Class (4) approximates the findings of Dr. King in the classification of actual cases.

Executives' Views

These figures, although only rough estimates, are really significant. Out of fourteen loan men, only one estimated that as few as 93 per cent of all applicants for loans were already in debt before seeking this service. The average of the fourteen estimates was 98 per cent.

Again, the minimum estimate declared that at least 73 per cent of all applicants borrow to pay off pre-existing debts. The average was 89 per cent.

Abstract reasoning concerning the practices of applicants gives

full support to the accompanying figures. As a matter of common sense, people would not apply for an interest-bearing loan at a time when they were free from debt and still had recourse to credit which could be carried within certain limits without the payment of interest. For example, if they could go into debt for bills without interest; if they could arrange to procure a surgeon's services, costing $200, on the installment plan, they certainly would rather avail themselves of such credit than complete the same transaction by a process which entailed a definite or larger interest cost.

Common sense also supports the course of a man who borrows in order to liquidate promptly bills which, if allowed to become delinquent, would injure his credit standing or subject him to the harrying tactics of bill collectors.

A Real Cause

According to the latest estimates, the total amount of installment sales contracts outstanding at any one time is about $3,000,000,000 and the total amount of open account credits is another $3,000,000,000 or $4,000,000,000 more. That these figures are conservative is indicated by the rough estimate of the National Retail Credit Association that the average amount of *delinquent credit accounts alone* reaches the startling figure of $15,000,000,000 at any one time.

Taking the more conservative figure, however, it would mean an average outstanding merchandise indebtedness of at least $250 for each of the 24,000,000 families in the United States. With every family in the United States in debt on the average of $250 or more for installment indebtedness and open account debts, how can it be said that the availability of small loan service is the cause of getting people into debt? Particularly, when the capital employed by personal finance companies does not exceed an amount equal to $20 per family. The fact is they get into debt and then have to come to that service for help to get out.

Permanent Debt?

With reference to the second proposition—whether small loan companies contrive to keep people permanently in debt—the answer is plain whether based upon actual experience, upon the common sense course of personal finance companies or upon the common sense course of their customers. Dr. King, in his examination of New Jersey loans, found that from 96 per cent to 98 per cent of loan accounts are paid in full.

When loan companies lend, they want the money back again. Keeping the customer in debt is nothing more or less than a perpetual loan, which, from the standpoint of the finance company, would destroy its business. That this conviction is held almost universally throughout our business is established by the fact that a customer who shows an inclination to stay indebted is, in the vernacular, "a slow account". No loan company desires "slow accounts".

Companies' Practices

From the customer's standpoint, the reasoning is equally plain. No one willfully stays in debt if the process involves the payment of any interest at all. Examining the situation of a customer who conceivably might stay involuntarily in debt, it should be pointed out that the selection exercised by the companies at the time of maki loans largely eliminates the ki of person who would become perpetual debtor. Almost wit out exception, the compani confine their loans to perso who are employed and whose i come is sufficient not only amortize the debt itself but al to do that along with curre liquidation of normal living e penses. As a matter of fa availability of small loan cre has been proved to be an instr mentality for getting even t most habitual borrower out debt.

One Example

A single case bearing upon t above reasoning may be cite A man sought a loan of $2 from a company located in Ne Haven, Conn. He owed th much to several other creditor The Finance Committee of t company to which he appli found that his income and oth responsibilities would permit t orderly liquidation of only $2(After a careful study of his sit ation, each of his creditc agreed to take a 20 per cent c in the debt if paid at once. Thu he replaced $250 worth of ob gations with a $200 debt whi was paid off in full, with intere in ten months at a cost less th the discount earned by liquid tion of his previous indebte ness. I doubt whether there a small loan office in the count which cannot cite comparal cases in large number.

One prolific cause of erroneo beliefs of the type just discuss is the failure of the busine itself to make sufficient effo to obtain the facts on the subje and, second, to make those fa(readily available to the gener public.

Indeed, what little has be done by the business to assemb and publish such facts has be

Fourteen Executives' Estimates

Of the Varieties of Personal Financing Represented by Loans

THE VARIETIES OF PERSONAL FINANCING	INDIVIDUAL ESTIMATES														AVERAGE OF ESTIMATES
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
I. Customers free from debt before borrowing money and whose borrowing gets them into debt.	7%	1%	5%	5%	0	0	2%	5%	0	0	2%	0	2%	0	2%
II. Customers already in debt and who incur an additional debt by borrowing but who do not use this borrowed money to pay off or reduce previously contracted debts.	20	14	5	10	0	5	13	10	2	5	13	2	3	25	9%
III. Customers borrowing to pay off one debt already owed	25	30	45	35	35	30	25	30	25	25	35	23	10	20	28%
IV. Customers borrowing to consolidate two or more previously contracted debts	48	55	45	50	65	65	60	55	73	70	50	75	85	55	61%
ALL VARIETIES	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100%

most as unconvincing as no idence at all. On the few casions that loans are classi-d by purposes, either in public tements or in sworn reports official agencies, the classsifi-tions are so vague that their e is directly misleading. A ssification widely used in the st follows:

Purposes of Loans

Death and Sickness ... —%
Business Expenses ... —%
Helping Friends and Relatives ... —%
Travel and Vacation ... —%
Clothing ... —%
Household Expenses ... —%
PAYING OFF OTHER DEBTS ... —%
TOTAL ... 100%

On their face such classifica-ns are readily understand-le, but the use that is made of them is unwarranted. For example, the single classification "Clothing" carries a definite connotation to any mind, but it certainly does not disclose whether the clothing is about to be bought from the proceeds of the loan or has already been bought and the loan is sought to liquidate the existing debt. The same is quite as true with reference to "Death and Illness" and "Household Expenses."

Serious Error

If loans are to be classified at all, it is a fundamental error merely to classify them as to purposes of borrowing and to stop there. We need also the supplementary classification as to the four varieties of personal financing, as I have outlined and as shown by the accompanying tabulations. "Paying off debts" is not strictly a purpose of borrowing. It is one of the four varieties of financing. If this distinction between these two different classifications of loans is clearly understood by loan office executives and if both classifications are made up in a logical way, we will have a much better understanding of the fundamentals of our business.

Dr. Louis N. Robinson, who is the author of a forthcoming analysis of the small loan business, has also another distinction between classifying loans (a) as to purposes and (b) as to the fundamental reasons or causes of borrowing. In doing this, he has

made a very valuable contribution to the science of personal finance. But it must be remembered that only trained economists like Dr. Robinson and Dr. King have the time to study and determine the basic reasons and causes of borrowing, and that such studies are ordinarily outside the range of the loan office manager.

Dual Purpose

In passing, it might be well to look at the third way of classifying loans and to give a partial list of some of these reasons which may be assigned as the basic economic causes for borrowing. Some of these are:

1. Inexperience in household finance.
2. Aggressive tactics of installment salesmen.
3. Extravagant household habits.
4. "Keeping up with the Jones".
5. Improvidence.
6. Lack of a family budget.
7. Disregard for the future.

But the other two classifications of loans already discussed in this article, namely (1) as to purposes, and (2) as to varieties of financing, are always within the loan manager's control and there is no doubt that, properly used, both these classifications, supplementing each other, will be a great value, not only for purposes of executive control, but also for purposes of building good will.

Arbitrary Classes

Returning to the matter of using "Paying off Debts" as one of the classes under the heading of "Purposes of Borrowing," the ease of conflict between two different classifications and the temptation to assign a given loan to a certain class arbitrarily, combine to make the classification "Paying off Debts"—large though it usually is in such tabulations—considerably less than it would be if the facts were truly reflected.

Present Proposal

And that is the proposition to which this argument is directed, that the single classification as to purposes when not supplemented by the classification as to methods of financing, is inexact, misleading and does the business a grave injustice. It should always be accompanied by classification as to varieties of financing. This will disclose the facts in their true proportions.

Probably the best plan would be to make first an analysis of all loans as to varieties of financing and then under each of the four varieties, classify all the loans as to purposes of borrowing.

Grouping Debts

But it is conceivable that under Group Four, some few loans may be found which were made purely for the purpose of consolidating debts and that no other purpose can be assigned. If there is an economic advantage in consolidating a group of debts, the borrower may have only this purpose in mind.

Of course, there are often cases where a loan partakes of the nature of two different classes, but in the accompanying tabulation all loans are classified according to the variety which predominates in each loan.

I believe that this supplementary classification as to varieties of personal financing or one similar to it, possessing the same general characteristics, definitely reduces further possibility of the small loan business being misunderstood or placed in a wrong light through its own carelessness or negligence.

When we have definitely d termined the proportion of t loans used for payment of deb other subordinate classificatio such as the purposes of the loa i. e., clothing, fuel, food, docto bill, etc.; and the causes for ha ing to refinance the debts, i. unemployment, reduction wages, sickness, burden of stallment payments, etc., can understood and interpreted their proper light.

Comments by Executives

All of the loan office executiv who assisted in making the studies were greatly interest and expressed approval of t new classification. Some of t comments received are giv below:

"This classification is very good. has really caused me to think m concerning the customers' welfare regard to his schedule of liabilities a concerning our welfare, due to the f that a customer's ability to pay is v important.

"My study included one hund loans. I am very fond of this type work, for it is fascinating to see un-thought-of results from an e nomic research problem."

—From a Georgia Offic

Value of Study

"I believe the classification to b good one. It will enlighten us, and published, will show the world at la our reasons for existence. This ana sis should prove of value by dem strating that we are an actual nec sity to the working man in debt— well as a help to the merchants th pay—and that we are in business to keep him in debt but to help h out of debt."

—From a New Jersey Off

"In spite of the fact that I am charge of this office, I did not th that the two classifications paying or more debts would include 98% my accounts. I felt that 90% wo be an absolute maximum. The figu shown here are for loans actually force in my office.

"It would be well if these figu could be broadcast, so that those w are biased in their views of our bu ness could see them and study th It would prove to them, as it does us, that our business is fundamenta right."

—From a Connecticut Off

Virginia Legislature Withholds Action on Small Loan Bills

Forward-Looking Bill Backed by Bank Commissioner Meets Defeat Along With Measure to Reduce Rate of Interest

Two bills affecting the personal finance busines in Virginia, one endorsed by the business self in order to strengthen exting laws and the other opsed because it proposed imracticable rate reductions, ent down to defeat together ring the current session of e state legislature. The net sult of the rapid sequence of ents during the month folwing introduction of the first ll on January 20 is no change all in the present Small Loan ct.

First Test

On January 20, E. C. Folkes, Richmond, and Daniel Colean, of Norfolk, introduced in e House of Delegates a bill to duce the interest rate on small ns to 1% a month. It was ferred to the Committee on neral Laws, rather than to e Committee on Banking and surance which ordinarily conlers small loan legislation. The st test of strength came on a tion to recommit the bill to e proper committee, which s carried on January 23.

Within a week a second bill d been introduced, sponsored by the Hon. M. E. Bristow, Bank Commissioner. It dealt entirely with administrative provisions of existing laws and made no effort to amend the present provisions regulating interest charges.

Bill Endorsed

The Bristow bill had the support of companies engaged in the small loan business, the opinion being voiced that it would tend to stabilize the business and make it more responsive to the regulatory control exercised by the State Department of Banking and Insurance.

At hearings on these bills early in February, the Commissioner appeared in support of the Department bill and representatives of the personal finance business spoke in opposition to the Folkes-Coleman bill. The Committee reported the Department bill for passage on February 5 and set February 11 as the date for a special hearing on the Folkes-Coleman bill.

Substantial evidence against the latter measure was presented by representatives of the business at this hearing. The Committee amended the bill to substitute the existing interest rate of 3½% a month for the proposed 1%.

House Action

Both bills met opposition when they reached the floor of the House. The Department bill was amended without record vote to provide an interest rate of 1½% a month on secured loans and 2% on unsecured loans, but on a record vote on the question of its final passage the following day, it was defeated, 54 to 30. Substantially the same course was followed with reference to the amended Folkes-Coleman bill. It was amended without record vote to provide a flat rate of 2½%, but was in turn defeated the next day, 50 to 42.

The legislative action was received with mixed feelings by personal finance companies which had followed the rapid developments in the committee and on the floor. They manifested keen regret that the forward-looking measure drafted by the state department, in careful accord with the requirements of the situation, was sidetracked as a result of the last-minute amendment of its rate provisions, but expressed gratification that the Folkes-Coleman bill, at least in its original form, was not enacted into law. It is understood that further efforts will be made, probably at the next session of the legislature, to incorporate in the law the salutary provisions contemplated in the original form of the measure fostered by Commissioner Bristow.

Results of Campaign for Membership Growing Steadil

By H. G. HOPSON

National Chairman, Membership Committee

STATE chairmen in the national membership campaign are at work. This will be made clear by the following paragraphs from a few letters which have reached this writer.

W. G. Wood, who seeks to secure as national members all of those who belong to the Rhode Island state association, and who is making good headway toward that goal, writes:

"We talked in our initial effort so long, fast and furious that there were no objections. Our arguments were based on the representation and prestige given us by having our national association well supported; the wisdom of carrying insurance to perpetuate our business; the readiness of the national association after fifteen years of experience to now function at 100%; and the fact that if they join now we would all be reasonably sure of holding the dues as at present."

Iowa Situation

Tate Harrison addresses his nonmember friends in Iowa as follows:

"If I could take you on a personally conducted tour through our National Headquarters and show you the wonderful progress which is being made for the betterment and the perpetuation of this business, I am sure that you would have no hesitancy in filling out your check for the amount that would qualify you as a member. The state organizations are coming forward in wonderful shape, backing up every step taken at Washington. Let's not have Iowa a 'private in the rear ranks' in this forward movement.

"Your state organization will function more perfectly throug close affiliation with the nationa organization and you, of course will be the ultimate beneficiary o these great movements."

David Caeser, whose earn work in Connecticut already borne fine fruit, says:

"We have attempted to sho that the annual dues, if pro-rate monthly, come to a very sma amount and are amply warrante by the advantages accruing t membership. The new manage ment of the national associatio is in constant touc with the variou state associations, n one of which ca operate efficiently ex cept in cooperatio with the national or ganization, and onl when its work is co ordinated with tha of other state asso ciations. I have a tempted to point ou that it is impossibl for anything con nected with the Sma Loan Act to happe in any one of th states in the cou try without its ha ing an effect, direc or indirect, advers or beneficial, in ever other state in th Union."

More Member

L. K. Osbo who is after la results in Ohio, d not minimize t other phase of

NEW MEMBERS

LOAN & FINANCE COMPANY,
102½ South Main St.,
Fostoria, Ohio.

THE INDUSTRIAL LOAN COMPANY,
207 Atlas Building,
Columbus, Ohio.

THE IMPERIAL FINANCE COMPANY,
612 West 9th Street,
Cincinnati, Ohio.

SHARON FINANCE COMPANY,
51 West State Street,
Sharon, Pa.

ACME FINANCE CO.,
357 Westminster St.,
Providence, R. I.

INTERSTATE, INC.,
Evansville, Ind.

GENERAL LOAN CO.,
818 Olive Street,
St. Louis, Mo.

APPLICATIONS PENDING

CONSOLIDATED PLAN OF CONNECTICUT, INC.,
865 Chapel Street,
New Haven, Conn.

CONSOLIDATED PLAN OF CONNECTICUT, INC.,
95 Bank Street,
Waterbury, Conn.

UNION FINANCE COMPANY,
505 Woolworth Bldg.,
Providence, R. I.

NATIONAL LOAN COMPANY,
301 Main Street,
Pawtucket, R. I.

KAY LOAN SYSTEM, INC.,
59 Cannon Street,
Bridgeport, Conn.

PRUDENTIAL FINANCE CORPORATION,
200 Atlantic Street,
Standford, Conn.

More Next Month!

tional campaign. He says:

'I am still for numbers as well dollars and the more members t we can get in that only pay .00, the more co-operation l enthusiasm we are going to ve."

H. F. Reilly, writing from ssouri, where his efforts might expected to meet discourage-nt, says:

'The fact that the tional has 'step-l out' during the t year with a re-anization and has talled efficient of-rs who are going ut the work in a iness-like way, sents the best s argument. The ling is growing t the organiza-n is interested in welfare of the all loan business every state and , and that there a closer relation-o developing.

'There can be no ute but that pub-pinion has great-changed during past few years, d particularly ing the last year. There has n some reason for that nge, and it can very directly traced back to the national anization.

The New Jersey report has ught facts and figures home enders that have opened their s. That report will, I believe, a long way in heading off the l statements sometimes used romotion. It will at least put crete facts and figures in the ds of those civic organiza-s, and state officials which will enable them to put a stop to misleading promotion."

Need More Help

Machinery has been set up for the enrollment of new members. State membership chairmen have been selected and, what is more, they have been functioning. But the efforts of this comparatively small group of earnest workers cannot do the job as thoroughly or as quickly as it must be done. You and you and you—every single member of the Association—must accept the responsibility of getting new members. It is up to you to multiply the efforts of your state chairman by selling membership to every non-member within your reach.

Logically, those who are fellow members with you in your state association are your best prospects, or rather are the easiest to sell on national membership. They can be reached by your state membership chairman. But it is the licensed lender who has never joined either state or national association who should receive your determined attention. Contact them, sell them the national association, forward their applications to your state membership chairman for his prompt attention.

Get behind this drive.

Benefit of All

When concerted action is needed in the future you will appreciate the importance of a large and representative membership. This appeal is not merely for the furtherance of the Association—it is for YOUR benefit. That's why you should be interested.

Your national officers, your state membership chairmen are all working with that enthusiasm which comes with being sincerely sold on the necessity for increased membership.

Acquire this enthusiasm yourself.

Help put this essential campaign over with a bang that will be heard in every state in the Union.

It can be done if it has your enthusiastic support.

Enthusiasm is seldom satisfied by reaching first base—it steals second, slides to third, and if it has a living chance it scores.

What all loyal members are asking for now is nothing short of a home run.

Cooperation

". . . and it is through cooperation that we may present an unbroken and unwavering front to competitive contention. A closer coordination of the units in this organization will bring about a unity unequalled in other high branches of industry.

"Cooperation, to my mind, is a perfectly logical way of approaching common problems too complex to be solved by any one of us. By the relation and comparison of experiences we can avoid the costly wastes involved in the trial and error methods and, by the same token, we can increase the respect borne us by others."

—J. S. STREINER, of Pittsburgh, in an address before the Pennsylvania Association of Personal Finance Companies.

State Organizations

Secretaries of State Associations

ARIZONA—L. B. Christy, Phoenix.

COLORADO—L. M. Brazier, 320 Symes Bldg., Denver.

CONNECTICUT—Henry Holm, 152 Temple St., New Haven.

FLORIDA—Alfred Lovesky, 309 Olympia Bldg., Miami.

GEORGIA—C. T. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.

ILLINOIS—J. H. Sanderson, 11 S. LaSalle St., Chicago.

INDIANA—Paul A. Hancock, 202 Amer. Central Life Bldg., Indianapolis.

IOWA—Ellis Levitt, 215 Southern Surety Bldg., Des Moines.

LOUISIANA—F. B. Smith, 1707 Dryades St., New Orleans.

MAINE—A. E. Robichaud, 209 Clapp Memorial Bldg., Portland.

MARYLAND—E. M. Garren, 331 Equitable Bldg., Baltimore.

MASSACHUSETTS—D. J. Cote, 552 Mass. Ave., Cambridge.

MICHIGAN—W. G. Stevens, 2030 First National Bank Bldg., Detroit.

MISSOURI—R. E. Hughes, 119 N. 7th St., St. Louis.

NEW HAMPSHIRE—F. A. Brodeur, 967 Elm St., Manchester.

NEW JERSEY—J. Gay Seabourne, 110 W. 40th St., New York City.

OHIO—J. F. Anderson, Bush Bldg., Springfield.

PENNSYLVANIA—W. S. Her 404 Denckla Bldg., Philadelphia

RHODE ISLAND—E. LaGueux, Main St., Pawtucket.

TENNESSEE—W. G. Brightwell, Market St., Memphis.

VIRGINIA—Roland H. Brown, N. Sycamore St., Petersburg.

WASHINGTON—Robert L. Ca bell, 232 Provident Bldg., Tacor

WEST VIRGINIA—W. B. Gri 304 Kanawha Natl. Bank B Charleston.

WISCONSIN—D. E. Burk, 405 B lett Bldg., Milwaukee.

Social Necessity Provides Broad Basis for Business

THE position of personal finance service in the business structure of America "rests upon the simple, but important, fact that day after day we are serving the great army of plain people who have no one else to whom they may go in times of emergencies," declared W. L. Heasley, of Pittsburgh, at the regional meeting of the Pennsylvania Asociation of Personal Finance Companies, held at the William Penn Hotel in Pittsburgh on February 12.

"Former prejudices against this business," Heasley continued, "have been overcome successfully only by frank, courteous and ethical methods of doing business. We are, so to speak, the family financial doctor. We have created for ourselves an exacting code of ethics, a code which doing business with the pu at large and in honest, digni competition with each otl must be observed constantly faithfully if we are to pros Let us all realize the rewa which we can reap by conduct our business with that appre tion of high ethical standa and spirit of cooperation wh has distinguished American b iness as a whole."

Membership Campaign

Chairman Young of the st campaign to increase the m bership of the American Asso tion of Personal Finance Co panies, told of the efforts t were being made to consolid the strength of the personal

Two More States

SINCE the February number of PERSONAL FINANCE NEWS was published, two additional state organizations—those in Washington and Pennsylvania—have changed their names to Association of Personal Finance Companies, to conform with that of the national organization. The Indiana Association is contemplating amendment of its constitution to make the same change. Similar action is contemplated at the next meetings of the Ohio and Massachusetts organizations.

ıce business in this one rep-
entative organization, and re-
ested the assistance of the
mbers of the state association
soliciting non-members in be-
f of the national body.

Numerous items of routine
iness occupied a considerable
tion of the program, the most
nificant being the decision
ched to change the name of
state organization to Penn-
vania Association of Personal
ance Companies. The motion
hange the name was adopted
nimously, as was a compan-
motion to change the titles
the officers from chairman
vice-chairman to president
vice-president respectively.

New Members

Membership matters occupied
siderable attention. Five new
ıpanies elected to member-
were the Peoples Finance
ıpany, the Lincoln Finance
ıpany and the Diamond
ısehold Loan Company, all of
ladelphia; the Ideal Finan-
Association, of Mt. Carmel,
the Conservative Credit Sys-
of Pennsylvania, of Mc-
sport. Resignations were ac-
ed from two member com-
ies which had merged with
r member companies. The
ıge of name of the Lyons
ance Service, Inc, from its
ner name, Fidelity-Finance
vice, was entered in the
rds.

he Public Relations Commit-
reported that it had been
d into consultation in the
dling of two or three cases,
sfactory adjustments being
ked out in each instance.

he session was concluded
a banquet attended by more
300 persons marked by sev-
excellent speeches and splen-
entertainment.

The Human Factor vs. Technical Rights

THE best interests of the personal finance business as a whole, and certainly that of individual companies, requires that strict legal rights be exercised with moderation, declared Charles R. Parker, supervisor of the Industrial Loan Division of the State Banking Department, at the recent meeting of the Indiana Industrial Lenders' Association, at Evansville, Ind.

"You have certain technical rights laid down by the law," Parker said, "but it is not always best for any of us to stand on our technical rights. If, in your business, you have exhausted all seemingly possible means to collect—and I fully believe that I voice all of your sentiments when I tell you this—it will be, in most cases, better for you and your business to temper your dealings with mercy."

Other Addresses

Parker's speech was one of the highlights of the session, which gave considerably more attention to broad questions of business policy than to administrative details of the Association's work. Other addresses of general interest were those of Joseph Stratton, of Sullivan, on "The Necessity for Economies in the Industrial Loan Business"; G. T. Davis, secretary of the Merchants' Credit Bureau of Evansville, on "Merchants' Credit Bureau Clearing House"; Frank L. Walters, of Bedford, on "Constant Change in the Small Loan Business," and J. R. Duncan, vice-president of the Evansville Chamber of Commerce, on "Aligning Your Business for Tomorrow's Trend."

High standards in advertising by personal finance companies were urged by W. B. Nichols, of Clinton, president of the Association. He stressed especially the able work of the Vigilance Committee, under the chairmanship of Roy F. Hartz, of Indianapolis.

The recent reorganization of the American Association of Personal Finance Companies was explained by Francis L. Thompson, of Shelbyville, former president of both the state and national associations. Thompson, who now is chairman of the Executive Committee of the national body, told of the manner in which affairs of the organization are managed. He laid especial emphasis upon the desirability of all companies within the state affiliating with the national association.

Legislative Interference with Rate Level Opposed

DECLARING that free competition should be relied upon to reduce charges for small loans if it should become apparent in the future that the business can be operated on a stable basis with less gross income, the Rhode Island Industrial Lenders Association adopted a resolution opposing rate-reduction legislation at its quarterly meeting held on January 16 at the Narragansett Hotel in Providence.

The resolution, submitted by Frank L. Hinckley, counsel for the Association, pointed out the serious consequences which had developed in every instance in which downward revision of maximum rates had been accomplished by legislative mandate. It was adopted unanimously at the

close of a day devoted to the consideration of business of the state organization and of the American Association of Personal Finance Companies.

Public Relations

Twenty-one of the 28 members of the Association attended the meeting, one of the features of which was an address by W. Frank Persons, executive vice-president of the national association. He described the manner in which the national body had been reorganized and explained the occasion and purpose of the change in its name. Special attention was given to the recent intensive survey of small loan conditions in New Jersey, Persons declaring that "we should be better prepared to let the public know the type of service rendered by the personal finance business and to take advantage of every opportunity to promote the broad public welfare."

Persons' remarks opened a discussion of the membership campaign now under way to increase substantially the support accorded the national organization by the state groups and by individual companies. "Judging by the enthusiasm and splendid cooperation encountered everywhere," Persons said, "I am convinced that we will attain the goal set in this effort."

Hinckley also pointed out the advantages to be gained by representation of the entire business in the national organization. "The coordination now existing between the state and national agencies is a wonderful step in the right direction," he said.

W. G. Wood was named chairman of the state drive for membership in the American Association of Personal Finance Companies.

MEETING SCHEDULE

MICHIGAN—Ann Arbor, April 17.

VIRGINIA—Richmond, April 17.

LOUISIANA—Alexandria, April 26-27.

PENNSYLVANIA—Williamsport, May 14.

BIBLIOGRAPHY

The books, bulletins, pamphlets and reprints of speeches described below are intended to provide a handy reference list for the use of persons desirous of studying the historical, social, economic, legal, financial, and administrative phases of the personal finance business.

Copies may be obtained at the prices indicated from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. The list follows. (Additions made this month are indicated by bold-faced type.)

BOOKS AND BROCHURES

"The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges," by Reginald Herber Smith. 10c per copy.

"The Trend and Progress of the Movement to Improve Small Loan Conditions," by Arthur H. Ham. 10c per copy.

"The Philosophy of the Uniform Small Loan Law," by Walter S. Hilborn. 10c per copy.

"The Need of Adequate Small Loan Legislation," by Walter S. Hilborn. 10c per copy.

"The Development of the Industrial Loan Business," by Hon. A. R. Robinson. 5c per copy.

"The Future of the Small Loan Business," by Dr. F. W. Ryan. 5c per copy.

"The Personal Loan Companies," by Dr. F. W. Ryan. 5c per copy.

"Making Credit Available for All." 10c per copy.

"Usury and Usury Laws," by Dr. F. W. Ryan. $2.50 per copy.

PAMPHLETS

"Questions and Answers Concerning the Small Loan Business in New Jersey." 15c per copy.

"Constitution and By-Laws," American Association of Personal Finance Companies.

"Code of Ethics," American Association of Personal Finance Companies.

"A Specialized Financial Service." 10c per copy.

"The Industrial Loan Business," by John Dailey.

"Modern Scientific Efficiency and the Business of Industrial Banking," by Chas. G. Mueller.

"Building Your Business on Good Will," G. W. Farrington.

"Helping Each Other," by C. G. Mueller.

"The Industrial Loan Companies' Part in the Readjustment," by W. G. Stevens.

"The Advantages of Membership in State and National Industrial Lenders Associations," by E. F. Moore.

"Industrial Lending as a Community Asset." 10c per copy.

"How to Organize a Lenders' Exchange Bureau." 10c per copy.

"The Significance of the British Money Lenders Act of 1927," by Dr. F. W. Ryan. 10c per copy.

"The Small Loan Act," by Walter S. Hilborn. 10c per copy.

"Weathering Rainy Days," by Leon Henderson and Rolf Nugent. 10c per copy.

"The Fundamental Rightfulness of the Family Finance Business," by Dr. F. W. Ryan. 10 per copy.

REPORTS, DIGESTS, ETC.

"The Small Loan Situation in New Jersey in 1929," by Dr. Willford Isbell King. 25c per copy.

"Financial Aspects of the Small Loan Business in New Jersey," by Pace, Gore & McLaren, certified public accountants. 25c per copy.

Year Book, National Convention Proceedings, etc. $1.00 per copy.

General Form, Uniform Law 5c per copy.

Minnesota Interim Committee Report. 10c per copy.

Opinions of Importance. $2.0 per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy

Report on State-wide Referendum by Citizens' Committee in Wisconsin. 25c per copy.

Report on Typical Small Loan Made to Residents of Milwaukee County. 25c per copy.

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The Trend of Our Affairs

DARK fogs of misunderstanding envelop some of the commonplace transactions of business. This obscurity may be due to the unfitness of usual terms to convey precisely the meaning behind simple events. Sometimes it is intensified by the news custom to display the spectacular, the incongruous—to arrest attention with "human interest stuff."

Often misapprehensions originate from unhappy memory associations of particular words. The ghosts of their earlier meanings start our feelings on the rampage, and lead us blindly into prejudiced conceptions.

★ ★ ★

Use of Credit Often Opens Ways to Progress

Take the every-day matter of borrowing. To some, it means confident use of credit as the customary aid to achievement. To others, it may mean halting venture into an unfamiliar field. To still others, it recalls unpleasant memories of the improvidence of relative, or neighbor, or friend.

To most businessmen it recalls incidents on the road to accomplishment. To many humbler folk it stirs memory of constructive stages in the realization of education, home, family, useful citizenship. Only in the vastly fewer instances of improvidence and misfortune does the word bear unhappier association. Yet these latter concomitants of borrowing—with their dramatic emotional appeal—often unduly influence the meaning of the word in common usage.

Consider the capitalist's refinancing. His business suffers temporary reverse—obligations accumulate with all their manifold power to impeach credit standing and business repute. Orders are on the books; material and labor are at hand; only the time factor stands between failure and comfortable profits. The business man who would not then try to refinance deserves defeat.

★ ★ ★

Refinancing Personal Debts. Why Not?

How about personal refinancing? Should the citizen of modest means who borrows to consolidate debts suffer less friendly scrutiny of motive, of objective, than does the capitalist? Does he always thus sink into the mire of improvidence? Sensible preservation of credit-standing safeguards future earning power. Relief from anxiety of small debts releases energy for productive effort. Personal refinancing serves broad and constructive purposes. Certainly, it does not deserve blanket indictment.

★ ★ ★

For folks in all walks of life to be able to add to present facility the impetus of a measure of future capacity, is to admit the great consuming public to a more equitable share in the fruits of business progress.

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A. V. HART,
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Philadelphia, Pa.

W. S. HERRON,
404 Denckla Building,
Philadelphia, Pa.

*Member of the Executive Committee.

D. L. HOOPINGARNER,
2 Lafayette Street,
New York City.

F. B. HUBACHEK,
919 N. Michigan Ave.,
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Retail Credit Survey Discloses Wasteful Practises

Making Credit Customer Pay For Service, With Price Gains To the Consumer—The Hope Of Department of Commerce

By JOHN MARRINAN

Pioneering Research

THE Department of Commerce has just finished exploring the retail credit structure of the country. It has examined the credit operations of more than 6,800 retail establishments doing an annual business in excess of $2,500,000,000.

Where were the high credit losses,—the low collection percentages? Who pays for credit losses and the costs of collection?

This article tells part of the story of this pioneering job in business research. There will be more of it later. The Department of Commerce urges business men to compare their own experience against the facts disclosed by the survey. Putting the past to work for us never embarrasses the future.

How does your experience compare, for example, with the figures shown in Tables 3 and 4?

★ ★ ★

THE first section of the national re-redit survey of Department of merce, just public, indi- the need for horoughgoing of the retail dit structure the standpoint ndividual busi- and in the light broad general vations which Department has been able to following its nination of t practises in twenty-seven lines.

rt 1 of the survey, which een made available, includes esults of an examination of redit operations of 892 department stores; 523 women's children's and infants' wear stores; 843 men's and boys' clothing stores; 1,616 general clothing stores; 2,000 shoe stores; 124 fur goods stores; 108 dry goods stores; and 726 furniture stores. The report covers the year 1927 with certain comparable figures for 1925 and 1926 where investigators found them available. The total net sales of the 6,832 retail establishments surveyed exceeded $2,500,000,000.

"The purpose of this report is to set forth without recommendation the experience of a large number of establishments on the various aspects of retail credit extension," said Dr. William L. Cooper, Director of the Bureau of Foreign and Domestic Commerce, in making the report public. "The individ-

ual merchant, knowing his own experience in these matters, can compare it with that of others and govern himself accordingly. The information disclosed, it is believed, will be of substantial importance in the stabilization of business. It not only should be instrumental in assisting the merchant to carry on his credit business more efficiently, but also will enable him to pass the resulting gains to the consumer in the form of lower prices."

The survey and the report are the work of Dr. W. C. Plummer of the staff of the Wharton School, University of Pennsylvania, whose services were loaned to the government for the purpose. Dr. Plummer is widely recognized as an outstanding authority on the credit phase of retail merchandising. While the survey is based chiefly on the results of questionnaires sent to a list of retail merchants in all sections of the country selected by some 1,000 local bureaus of the National Retail Credit Association, Dr. Plummer has made many personal investigations in the field to verify data submitted and to assure himself that the necessary "sampling" factor in the survey should be comprehensive and representative.

Varying Practise

A striking fact brought out by the survey was the wide variation in practice which exists among individual stores of the same kind. For example, numerous stores were found with credit loss percentages 25 times as high as those having the lowest figure; other stores had percentages of returned merchandise ten times as great as the lowest, and some had collection percentages twice as great as those of the others.

An indication of the cost of carrying retail accounts is given in the collection percentages, which were on the whole comparatively low. The regular open credit accounts of all stores reporting were outstanding an average of 68 days. However, in many stores accounts were uncollected for an average period of four months.

Returned Merchandise

From the viewpoint of sound business practise, the outstanding fact disclosed by the survey is the very high percentage of returned merchandise in various lines of retail trade. Shoe stores lead all other kinds of stores with a general average for returns and allowances on regular charge account sales of 21.3 per cent of gross sales. Women's wear and department stores followed with 14.3 and 14.2 per cent, respectively. Numerous stores were found with 25 per cent or over of returns and allowances. On cash sales, fur goods stores led the list with the high proportion of 16 per cent. In installment sales, furniture stores had the highest figure, 13.7 per cent, and department stores had the second highest, 13.1 per cent.

"The returning of merchandise is an expensive practise," Dr. Cooper states. "The high percentage of returns and allowances indicates great possibilities for the elimination of waste and increasing efficiency in distribution."

Credit Business Mounts

From the standpoint of the personal finance business, the retail credit survey discloses much information of interest. Primarily, although the survey contains no data later than for the year 1927, it appears to be conclusive that the retail credit business has been expanding much more rapidly than chandising for cash. (See T 1.) For example, while the business of department stor 1927 as compared with 192 creased 1.8 per cent, the credit business of these st increased 13.2 per cent, an stallment sales increased 16.8 cent. Though less spectac increases are shown elsew among the classes of retai tablishments included in th port, the general trend has for credit accounts to expan a much more rapid rate cash business.

Credit Losses

While the average of cr losses on open accounts fo classes of retail establishm is generally less than one per of total credit sales, there many startling departures f the average. (See Table 2.) survey discloses quite a nur of instances in which the cr losses were as high as 20 cent and a considerable nur of others in which the loss 5 per cent and above. These ticular instances disappear course, in the averages an not find a place in this table.

Installment credit losses i tail clothing establishments s especially worthy of study by personal finance business. In class of retail credit, losses shown to be high. The ave installment credit loss in men's and children's wear st was 3.7 per cent; the los men's and boys' clothing st was 2.4 per cent; and the ins ment credit loss in general c ing stores was 7.9 per cent.

"These are high installm losses," the report states, "u no doubt, to the fact that c

Table 1

PER CENT CHANGE IN VOLUME OF SALES

1927 over 1925

	Cash	Open Credit	Installment Credit
partment Stores	+1.8	+13.2	+16.8
men's Children's & Infant Wear...	+7.0	+15.6	+31.2
n's & Boys' Clothing	+2.8	+ 9.7	+13.5
neral Clothing	— .4	+ 7.3	+ 9.5
oes	+9.8	+15.7	....
r Goods	+9.0	+19.7	+ 4.6
ry Goods	—1.8	—15.	....
rniture	+0.7	+ 4.0	+ 8.7

108 stores selling only dry goods doing annual business of $6,667,397.

which is the security for the yment of the balance due on e sale is not as durable as many ier commodities and does not ve as high a resale value; also the fact that customers who y clothing on installments are, a rule, from the poorer classes d for this reason taken as a oup are not especially good dit risks.

Factor of Cost

'The high credit losses do not an that clothing can not be d profitably on the installment n. Credit loss is one of the ts of extending credit, but h loss can be taken care of in mark-up. If the demand for thing on installments is great ough, the business is profitable spite of the high credit loss." n other words, the customers o pay their debts carry the ses chargeable to those who do . Of course, unless we ignore consideration of economic ste, there must be some limita- n to such a policy of absorbing ses. At the same time, it re- ns the practical fact that both nerchandising and in the serv- industries, the high costs of ng certain classes of business necessity are carried by the orable margins realized else- ere. And often it is not easy discontinue this unprofitable iness and retain the goodwill the customer or of the com- nity.

Collections

Examination of the collection phase of the retail credit business discloses a mass of illuminating information, which it is impracticable to present adequately at this time. Collection percentages (the ratio of monthly collections on open accounts to outstanding balances due at the close of business for the preceding month) vary widely as between different classes of retail establishments and in different sections of the country; they differ in stores classified by volume of sales; and they show wide seasonal fluctuations.

There appears evidence to justify the conclusion that well conducted establishments, which make careful investigations of prospective credit risks and maintain systematic and persistent collection departments, are able to realize the higher monthly collection percentages. Some regional areas appear uniformly "good pay" sections and others "slow pay." Collections seem to be high during the winter months and low during the summer. In no instance are collection percentages on open accounts reported as high as 50 per cent, though the averages for shoe stores and department stores approach that figure. (See Table 3.)

In comparing the experience of various kinds of retail establishments, the report segregates stores within each merchandise classification by the volume of sales. While this segregation by size of business is a convenient one, it seems likely that the significant factor in the classification lies not so much in the size of the establishment as in the manner of conducting business. It is probably true that the larger establishments are better organized and more efficiently managed, though this need not necessarily be the fact.

Small Store Losses

The survey showed that the small volume stores in all merchandise lines generally have the higher credit losses. Save in few exceptions, which may be explained in part by the specialized character of the business, the smaller stores also had the lowest monthly collection percentages. (See Table 4.) Conversely, the large volume stores had the lowest bad debt losses and generally the higher monthly collection percentages.

Table 2

CREDIT LOSSES 1927—PERCENTAGES

	Open Credit Average Loss*	Installment Credit Average Loss*
Department Stores	0.4	0.9
Women's, Children's & Infant Wear	0.5	3.7
Men's & Boys' Clothing	1.1	2.4
General Clothing	0.7	7.9
Shoes	0.8	..
Fur Goods	0.7	0.8
Dry Goods	0.8	1.4
Furniture	0.8	1.4

*Ratio bad debts to total credit sales.

No Recommendations

The report on retail credit practises and experiences does not undertake recommendations to the trade. It is not counted good usage in publications of the Department of Commerce to draw didactic conclusions in presenting the results of any business inquiry. At the same time, the Department often finds a way to present facts in such manner as to make singleness of conclusion unavoidable. For example, its evidence of the present disproportionate cost of returns and allowances in many retail establishments makes quite obvious the need for some kind of remedial action.

Among other conclusions which may be drawn from the report are that many stores, now doing a credit business, are neither organized nor qualified to handle this kind of trade. Some of them are operating at a loss and others are on the verge of bankruptcy.

Credit Is Costly

It is clear that the costs of retail credit extension are often very high. Moreover, the small store, with limited capital and facilities, finds it difficult to undertake the expense of adequate investigation of its credit patrons and systematic collection of accounts. Again, credit cost accounting would doubtless disclose that some of the larger stores are operating their credit departments at a disproportionately heavy expense.

Table 3

MONTHLY COLLECTION PERCENTAGES
OPEN CREDIT ACCOUNTS, 1927*

	Average	High Month	Low Mont
Department Stores	44.5	47.4—December	41.3—August
Women's, Children's & Infant Wear	41.3	44.4—January	36.8—Septem
Men's and Boys' Clothing	37.4	39.8—January	33.4—August
General Clothing	42.7	48.0—October	38.6—August
Boot, Shoes	47.6	51.1—April	44.3—August
Fur Goods	41.2	62.0—November	22.5—July
Dry Goods	...	...	...
Furniture	39.7	43.7—December	36.5—July

*Ratio of monthly collections on accounts receivable of all stores to outst ing balances due when books closed for preceding month.

Cash Customer Pays

In most retail establishments extending credit, prices are keyed on the credit business. High credit costs inevitably find their way into price mark-ups to all customers. Flat prices to all patrons, without discounts for cash, means that the cash customer bears a portion of the cost of extending credit. In a few lines the claim is made that it is less expensive to do a credit business than a cash business, but this can only be true where unit purchases are very small and special clerical attention is necessary.

Similarly the prompt-pay customer indirectly bears a portion of the expense of delinquent accounts. Most retail credit prices include a margin to cover at least the cost of carrying anticipated short-term delinquencies in open accounts.

Table 4

OPEN CREDIT LOSSES AND COLLECTIONS—PERCENTAGES

	Small Volume Stores		Large Volume Stores	
	Bad Debt Losses	Monthly Collection Percentages	Bad Debt Losses	Monthly Collection Percentages
Department Stores	1.5	24.9	0.2	48.3
Women's, Children's & Infant Wear	1.0	46.8	0.3	43.4
Men's and Boys' Clothing	3.0	36.2	0.7	43.2
General Clothing	2.0	29.7	0.5	43.9
Shoes	2.0	31.0	0.3	49.0
Fur Goods	5.8	46.5	0.2	45.2
Dry Goods	2.8	...	0.9	...
Furniture	2.9	25.2	0.8	40.1

It is obvious then that re establishments have large opp tunity for refinement of th credit practises. The cash c tomer, for example, now is ing generally charged for credit service which he does receive. The prompt-pay cre patron is usually being char for more credit service than gets. And the delinquent a the slow account are gett more credit service than th pay for.

Allocating Costs

Meantime, it is likely th overhead under such an une nomic system of credit cost location absorbs much that wasteful without profit to dealer and at a price disadv tage to the consumer. "The ma up on goods sold on exten credit is frequently much grea than any normal interest cha on the outstanding payment said Dr. Julius Klein, Assist Secretary of Commerce, recen

If retail credit establishme generally are persuaded by r son of the facts disclosed in survey that the credit busin should stand on its own le there appears an interesting portunity from the standpo of the consumer to compare cost of such service when account is carried by the st with the cost when it is finan by a personal finance compa

Drying Up of Loan Sources Is Chief Product of Rate Reduction

A DISMAL picture of the extremities to which the necessitous borrower has been driven West Virginia during the past r by the curtailment of per-al finance facilities through operation of a rate-reduction is portrayed in a recent re-t by the Russell Sage Founda-n, based upon a survey among nks and chambers commerce.

The West Vir-ia legislature in 9 passed a law ucing the maxi-m permitted rate interest on small ns from 3½% to a month on un-d balances. The on was taken in face of warnings labor groups and al agencies that h a policy would m rather than o the small bor-wer. Their pre-ion that legiti-te capital would driven out of iness has been ized, according to the report Leon Henderson, director of Department of Remedial ns of the Sage Foundation. rapidity with which that diction has materialized is icated in the following re-t:

After Six Months

After the new law had been in operation six months," the report said, "the Russell Sage Foundation, by means of a questionnaire, canvassed banks, chambers of commerce, newspapers and other impartial sources for imformation. Returns were received from Charleston, Wheeling, Fairmont, Huntington, Beckley and Parkersburg. A year ago, 38 licensed lenders were doing business in those six cities under the supervision of the State Banking Department. Since the passage of the rate-reduction law, 17 companies have gone out of business because of insufficient return, and 9 additional offices are known to be liquidating. Those remaining are small and can exist by taking the cream of the business, imposing strict collection methods, making only the larger loans with the requirement of additional security, such as endorsers.

" 'Some concerns,' says a newspaper editor, 'have found a way legally to evade the new law' and thus obtain a rate equivalent to their former return.

No Facilities

" 'Instead of the rate cut resulting in providing funds to Charleston families at 2 percent,' wrote an executive of a prominent organization of business men, 'it has in fact deprived them of any facilities for borrowing.' "

"Every city reported that many borrowers are having difficulty in getting loans and that the legislature, by reducing the legal maximum, had not brought about the making of loans at cheaper rates. Borrowers in border cities are fortunate, for they are finding it possible to get loans from other states at rates which prevailed in West Virginia before the legislative cut. One interior city, however, says that "reduction in

(*Continued on page* 8)

More Testimony

THE February number of the *News* presented the results of a field investigation made in West Virginia by Burr Blackburn after a reduced rate on small loans had been effective for a few months. His survey disclosed the cost in human distress which is being exacted by that experiment.

In this article is additional testimony from an unimpeachable source, not only corroborating Mr. Blackburn's observations, but also reflecting the degree to which banks, chambers of commerce and newspapers of the state are manifesting concern over the effects of this hasty legislation.

The National City Bank's Personal Loan Experience

THE personal loan department of the National City Bank of New York made 119,987 loans, totaling $41,745,039, during the 20 months the department has been operating, Roger Steffan, vice president, told the Eastern Regional Savings Conference of the American Bankers Association at a meeting held in New York on March 20. Out of 211,235 applications, Mr. Steffan said that the National City made loans to 119,987 borrowers. The average amount loaned was $347.92.

Somewhat fewer than 75,000 accounts, totaling about $25,946,000, remain on the books, Mr. Steffan stated, 41,129 loans having been paid off in the required time of one year. About 95 per cent of borrowers pay on time and the remaining 5 per cent require extensive and costly collection effort. The personal loan department requires the constant services of a staff of 217 employees.

When the business was inaugurated, the National City expected losses of about 0.25 per cent on its personal loan department. While Mr. Steffan gave no loss figures, he indicated that if the losses amounted to 1 per cent the business would be unprofitable. He added that the department did not meet operating costs until loans in the amount of $50,000 had been extended.

Mr. Steffan indicated that the personal loan department of the National City Bank was still in experimental status. "We could make money if we charged more," he said.

The National City plan requires two endorsers who are individually and fully responsible as guarantors. They are, however, insured against the death of the borrower. The borrower's note is discounted at 6 per cent and is paid off within one year by depositing money in a savings account. This latter account, drawing 3 per cent interest, is charged with the payments on the loan as they become due. Borrowers must be 21 years of age, steadily employed, and the loan range is from $50 to $1,000. The guarantors of the note may borrow provided the total liability is within reason.

"We have made available in cash to doctors, dentists and hospitals more than $12,000,000 on behalf of patients who otherwise might have had to forego proper care, who might have had to ask charity, or else delay payment altogether," Mr. Steffan said.

Following is a classification of National City borrowers by occupation:

Clerical employees	22
Salesmen	13
Public employes (U. S., state, city)	
Department heads	
Mechanics	
Storekeepers	
Drivers and truckmen	
Business men (owners)	
Professional men	
Business men (partners)	
Foremen	
Corporation officers	
Miscellaneous	

Drying Up Credit

(*Continued from page 7*)

the interest chargeable by censed companies has opened lucrative field for wage buye Poorer classes are paying 25(a year."

Because of the bearing of West Virginia experience up the situation in New Jersey where a rate reduction law came effective February 15— Foundation declared that "N Jersey conditions undoubte will parallel West Virginia's" the lower rate is to continue effect. "New Jersey has 200,0 families that annually requ small loans to meet emergenci and if decent agencies are available to grant loans on t security of wage assignments household furniture," resort v be had to other resources mu less favorable to the borrowe interest.

Meeting Schedule

Massachusetts—Boston, April 16.
Michigan—Ann Arbor, April 17.
Virginia—Richmond, April 17.
Rhode Island—Providence, April 17.
Georgia—Savannah, April 16.
Louisiana—Alexandria, April 26-27.
Iowa—Sioux City, May 8-9.
Washington—Tacoma, May 10.
Maryland—Baltimore, May 13.
Pennsylvania—Williamsport, May 14.
Indiana—Indianapolis, May 21-22.

"Within the last f years trade associati have rapidly develop into legitimate and c structive agencies of utmost public inter and have marke fundamental step in gradual evolution of whole economic life.' Herbert Hoover.

Campaign for Membership Steadily More Encouraging

East and West Rivals Set Hot Pace for Field In Nation-Wide Race for Leadership

By H. G. HOPSON
National Chairman, Membership Committee

DAVID CAESER
airman, Membership Committee in Connecticut.

REPORTS on the National Membership Campaign continue to show progress in all areas. Dur- the past month, state chair- n have encountered less of t late-winter lethargy and h week additions are being de to the roster.

Connecticut, under command David Caeser of Bridgeport, ds first place with 10 applica- ns. Ohio, under the aggres- e leadership of L. K. Osborne Columbus, and the Washing- -Oregon territory, generaled by Bennett Baldy of Portland, are running neck and neck in second place with eight applications each. We are particularly pleased with the response from the far Northwest where, up to this time, National Association members have been few and far between.

All three of these state chairmen have undertaken their local campaigns with winning enthusiasm and this opportunity is taken to congratulate them on their success.

Close on their heels, however, comes W. G. Wood of Rhode Island with five applications, and S. E. Blandford of Boston with two applications and several promising prospects. The campaign is proceeding satisfactorily in other states. The educational work conducted by state chairmen during the past few months is constantly developing new prospects and additional applications.

Appreciation

The National Membership Chairman wishes to thank all members who responded to his letter of March 15. That letter sought to impress forcefully the necessity for increased and genuinely representative membership. Elsewhere in these pages there is a suggestion from the other viewpoint, namely, the membership need from the standpoint of the fellow outside.

The success of the campaign depends, as has been pointed out before, upon the vigor with which you fellows get behind it. There are in your communities, in all probability, many licensees which your state A. A. of P. F. C. chairman can contact only by letter. This has already been done but that is only part of the job. The necessary follow-up wherein the advantages of membership in the National As-

sociation is set forth personally is your local responsibility.

Personal Work

No letter can compete for business with good personal salesmanship. The letter may prepare the way, but the personal call usually does the business. We trust that every member will contrive an opportunity to make a few of these personal calls on business associates, who are not yet added to our rolls.

There was some mention in previous communications that your solicitation should be directed especially at members of your state association. Don't interpret this too literally. The ideal arrangement, of course, is dual membership in both state and national bodies. However, non-membership in the state body should not preclude affiliation with the national organization. Where no state association exists, it is all the more important that licensees affiliate with the National Association.

In this campaign we must fi sell ourselves. We must reali that the National Associati gains vigor and influence in t measure that individual servic in its behalf are rendered by t membership. Unless we ma public professions of faith, cannot hope to sell the other f low, nor to achieve the pub status to which we are entitle

The quiet sustained effo often wins over the spectacul bally-hoo. Keep at it!

NEW MEMBERS

CONSOLIDATED PLAN OF CONNECTICUT, INC.,
865 Chapel Street,
New Haven, Conn.

CONSOLIDATED PLAN OF CONNECTICUT, INC.,
95 Bank Street,
Waterbury, Conn.

UNION FINANCE COMPANY,
505 Woolworth Building,
Providence, R. I.

NATIONAL LOAN COMPANY,
301 Main Street,
Pawtucket, R. I.

KAY LOAN SYSTEMS, INC.,
59 Cannon Street,
Bridgeport, Conn.

PRUDENTIAL FINANCE CORPORATION,
200 Atlantic Street,
Stamford, Conn.

INDUSTRIAL BANKERS OF FALL RIVER, INC.,
225 South Main Street,
Fall River, Mass.

NATIONAL LOAN COMPANY,
Stadium Building,
Woonsocket, R. I.

MUTUAL LOAN COMPANY,
219 Frances Building,
Sioux City, Iowa.

INDUSTRIAL BANKERS OF NEW BEDFORD,
259 Union Street,
New Bedford, Mass.

JAMES L. DWIGHT,
48 Arnold Avenue,
Edgewood, R. I.

UNION FINANCE COMPANY,
56½ South Main Street,
London, Ohio.

UNION FINANCE COMPANY,
70 Arcade,
Springfield, Ohio.

UNION FINANCE COMPANY,
201 Endowment Building
Urbana, Ohio.

PERSONAL FINANCE COMPA
2090 Sherman Avenue,
Norwood, Ohio.

APPLICATIONS PENDING

GREAT AMERICAN FINANCE SYSTEM, INC.,
616 Slattery Building,
Shreveport, La.

PERSONAL FINANCE COMPANY,
4121 Hamilton Avenue,
Cincinnati, Ohio.

THE PROVIDERS ASSOCIATION,
5911 Latona Avenue,
Philadelphia, Pa.

FRANKLIN PLAN COMPANY OF AMERICA,
76 East Main Street,
Waterbury, Conn.

THE ASSOCIATED THRIFT & LOAN COMPANY,
14 Wall Street,
Madison, Conn.

CONTINENTAL FINANCE CORPORATION,
18 Asylum Street,
Hartford, Conn.

CONSOLIDATED CREDIT COMPANY,
219 Pittock Block,
Portland, Ore.

NORTHWESTERN FINANCE CO.,
205 Oak Street,
Portland, Ore.

CONSOLIDATED FINANCE CO.,
312 Joshua Green Building,
Seattle, Wash.

CONSOLIDATED FINANCE CO.,
306 Empire State Building,
Spokane, Wash.

CONSOLIDATED FINANCE CO.,
205 West Heron Street,
Aberdeen, Wash.

CONSOLIDATED FINANCE CO.,
219 Arts Building,
Vancouver, Wash.

BALDY FINANCE COMPANY,
203-A West Holly Street,
Bellingham, Wash.

BALDY FINANCE COMPANY,
1208 Broadway,
Longview, Wash.

MASTER LOAN SERVICE,
212 Healv Building,
Atlanta, Ga.

MASTER LOAN SERVICE,
212 Equitable Building,
Baltimore, Md.

MASTER LOAN SERVICE,
12 E. Lexington Street,
Baltimore, Md.

MASTER LOAN SERVICE,
355 Calvert Building,
Baltimore, Md.

NORFOLK LOAN SOCIETY,
306 E. Plume St.,
Norfolk, Va.

ROANOKE LOAN SOCIETY.
201 Mountain Trust Bldg.,
Roanoke, Va.

LYNCHBURG LOAN SOCIETY,
214 Eleventh Street,
Lynchburg, Va.

PERSONAL FINANCE COMPANY,
11625 Detroit Avenue,
Cleveland, Ohio.

INDUSTRIAL BANKERS OF B
ERLY, INC.,
284 Cabot Street,
Beverly, Mass.

INDUSTRIAL BANKERS OF CH
OPEE, INC.,
45 Springfield Street,
Chicopee, Mass.

PERSONAL FINANCE COMPA
358 Central Avenue,
Dover, N. H.

INDUSTRIAL BANKERS
GLOUCESTER, INC.,
140 Main Street,
Gloucester, Mass.

PERSONAL FINANCE COMPA
23 West Street,
Keene, N. H.

INDUSTRIAL BANKERS OF WI
STER, INC.,
224 Main Street,
Webster, Mass.

HOME MORTGAGE COMPANY
Morgan Building,
Clinton, Ind.

More Next Month!

Legal Decisions of Interest

sury Section of New York Law Construed

)URING Attorney-General Ottinger's loan shark drive New York in 1928, one Frank akun was brought to trial for lation of Section 2400 of the nal Law, which makes it a sdemeanor to lend money at a e of interest in excess of 6 · cent per annum when the n is secured by household niture, wearing apparel, jew- or "tools or implements of de."

Shakun was engaged in the e of printers' supplies and in lending of money. A man o had a small printing plant otiated a loan of $600 from kun and gave a chattel mort- e on his plant. The loan was oe repaid at the rate of $15 veek over a period of forty ks at an interest charge of per cent per annum. After weekly instalments had been l, default occurred and de- id was made to pay the re- nder. Shakun was found ty in the New York County rt of charging usurious in- st and was sentenced to serve months in the workhouse. conviction was affirmed n appeal to the Appellate sion.

Judgment Reversed

ne judgment of the lower t was reversed by the Court ppeals on the ground that machinery and equipment in the chattel mortgage did constitute tools or imple- s of trade. The Court of eals reasoned that the crim- statute required a narrow construction, and that it was not contemplated to include complicated machinery and equipment of a printing plant in the wording "tools or implements of trade."

Judge Kellogg, discussing the laws against usury, said:

Purpose of Law

"Evidently the Legislature has conceived that in the practice of exacting usury from large borrowers there lay no evil to be corrected. Likewise was there none in taking security for the protection of a usurious loan upon personal property other than chattels necessary to the maintenance of life. On the other hand, persons so necessitous that they must borrow paltry sums, persons impelled by actual want to pledge the bare necessities of life—these must be protected from oppression by the usurer. Accordingly, it was made a crime to take usury upon loans of sums less than $200. So, also, it was rendered criminal for the usurer to take in pledge a borrower's 'household furniture,' his 'plate or silverware in actual use,' his 'wearing apparel,' his 'tools or implements of trade.' "

It was the legislative concept, Judge Kellogg said, that for the public good there must be preserved to the needy borrower, free from the risk of mortgage seizure, such articles as a bed in which to sleep, a stove on which to cook, a table and utensils with which to eat and clothes to cover nakedness. Likewise, the borrower should similarly be protected in the possession of the tools of his trade. He continued:

To Protect Borrower

"They are 'necessary for upholding life'; they 'enable a debtor to obtain a livelihood for himself and family.' The legislative thought in respect to the evil inhering in the pledge of an artisan's tools finds apt expression in the familiar quotation: 'No man shall take the nether or the upper millstone to pledge: for he taketh a man's life to pledge.' Self-evidently, legislative protection through these criminal statutes against the taking of usury was intended to be cast about none other than the poor and necessitous. There was no thought to protect the opulent.

Law's Intent

"It was the legislative intent to restrict the class of article which might not be pledged in usury. There was no thought of saving to the manufacturer or trader.

"Double-up" Loans in Excess of $300 Invalid

THE Connecticut Supreme Court, in deciding recently the case of Westville & Hamden Loan Company vs. Concetta Pasqual et al., held that a loan by a licensed small loan company made jointly to several persons who already were individual borrowers, resulting in the borrowers each owing the company more than $300, came within the purview of the prohibition against indebtedness of more than $300 under the Small Loan Act, and that the loan was void. The review of the case by the Department of Remedial Loans of the Russell Sage Foundation pointed out that the "legislature manifestly inserted specific prohibition to avoid the mischief which might be attempted by evading its limitation of loans," and that the case decided came squarely within the intent of the law.

Invalid Notes Not Collectable by Holder

A DECISION by the Massachusetts Supreme Court recently held that notes executed in violation of the Small Loan Law are void and not collectible even by a holder in due course, who may purchase them at a fair price and in ignorance of the circumstances under which the notes were made, according to a recent review of the decision by the Department of Remedial Loans of the Russell Sage Foundation. The opinion, filed December 3, 1929, was in the case of John A. Cuneo et al. vs. Harry L. Bornstein et al.

Bought Notes

In the particular case, a man made accommodation notes for a friend and the latter sold them to an investment company which charged interest of more than 12 per cent per annum without a license under, and contrary to, the Small Loan Law. The notes were sold at a fair price to a person ignorant of the circumstances under which they were made.

He was found to be a holder in due course, but was estopped from enforcing collection on the ground that "the purpose of the Small Loan Act was to prohibit the unlicensed business of making small loans and to prevent an excessive rate of interest on such loans."

The statute was passed as a protection to the borrower; it was intended to make the statute effective and to prevent its evasion by endorsing notes given for such loans to third parties. It would afford little protection to a borrower if the notes given contrary to the statute would be valid in the hands of a holder in due course.

Opinion of Attorney General of Missouri on Small Loan Law

THE Attorney General of Missouri has recently ruled that under Section 10 of the Missouri small loan law the Commissioner of Finance has authority to investigate the business of all those who engage in the business of making loans in sums of $300 or less at rates of interest in excess of those which persons not licensed thereunder are permitted to charge. This opinion is based on the language of Section 10 which expressly authorizes the Commissioner of Finance not only to investigate the loans of every licensee, but also "of every person, co-partnership and corporation by whom or by which any such loan shall be made, * * * whether such loan purports to be made under or without authority conferred by this Act." The Attorney General states that there is no language anywhere in the Act limiting this power of investigation and that unless such authority be recognized, the purpose of the Act, which is to protect the needy against exorbitant interest charges, cannot be effectively accomplished.

The opinion indicates careful study and a clear understanding of the underlying principles of the Act. In it the Attorney General traces the history of usury legislation and points out that the ordinary usury law is not always an aid to the class of persons for whom the small loan law provides protection and that the small loan law was a result of this situation.

The opinion does not have the conclusive effect of a decision of the State Supreme Court. In rendering it the Attorney G eral acts merely as attorney the State. Nevertheless, opinion is entitled to resp both because of the position h by the Attorney General and cause it is in harmony with general underlying principles the small loan law. Because the similarity between the p visions of Section 10 of the M souri law and corresponding p visions of the small loan law force in several other states t opinion is one of general inter

It is of particular importa in Missouri at the present ti because of the efforts of the M souri Commissioner of Fina to get rid of salary buyers a others who are lending illega In other states where the sm loan law contains substanti similar provisions this opin should also prove of assista in sustaining the authority the supervising officials to m similar investigations.

"There are a few 'musts' in small loan business that we h to look squarely in the face. must maintain a relation w the public that gives them c fidence in us, and we must m our service worth the mon Our business must be a dir financial benefit to the man t borrows and also an indir benefit to the community and ciety as a whole. There must a compelling something ab our business so that people w want to do business with us." Joe Stratton at the Novem meeting of the Indiana Ind trial Lenders' Association Evansville.

State Organizations

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-Governor Walker at Georgia Meeting

Clifford Walker, former Gov-or of Georgia, in an address ivered at the annual banquet the Georgia Association of rsonal Companies at Atlanta, dicted that the personal fi-ice business was destined to e its place in public esteem ng with banking and insur-e.

"You do me the honor of pro-ing the toast: 'The Future of Small Loan Business,'" said vernor Clifford. "Implica-n adds the question: Will it ure?" he continued.

"I respond that it will endure in proportion as it is grounded in principle. Any structure, which is to endure, be it physical, civic or economic, must be founded on principle. An organization not based on principle is inevitably doomed to failure. The business in which you are engaged is not only destined to a great future, but it has already attained a high order of success because it is founded upon the sanest and soundest of economic principles. It has a field for operation which justifies its existence in an ever-widening contribution to the uplift of humanity."

"The future of your industry is assured by the standard set by far-seeing men who have caught a vision of soul in business. Progressive organizations are establishing research departments

Two More States

SINCE the March Number of PERSONAL FINANCE NEWS was published, two additional state organizations—those in Connecticut and Tennessee—have changed their names to Association of Personal Finance Companies, to conform with that of the national organization. Similar action is pending in several other states.

charged with the study of potential social service to be rendered in the homes of clients. Larger and larger budgets for social welfare are being authorized. The lender with limited capital is making his contribution to this higher standard by intelligent service in suggesting plans and means looking to economic freedom of the family. Better homes, higher living, a nobler citizenship, will be the result. * * * In its legitimate development it is now destined to take its place along with banking and insurance."

Personal Finance Boon to Ohio

More than 35,000 families in the seven central Ohio counties are being provided with financial assistance by personal finance companies, W. W. Hamilton, president of the Ohio Industrial Lenders' Association, told personal finance executives from Champaign, Delaware, Franklin, Fairfield, Licking, Madison and Union counties at a meeting of the Columbus Industrial Lenders' Association held on April 3. H. N. Kurtz, of the Ohio Finance Company, presided.

Hamilton said that if every man in Ohio paid his bills to the grocer, dry goods merchant, shoe dealer, doctor, and others that business would be immediately stimulated and employment would be provided for thousands of idle men. Thousands of Ohio families, Hamilton explained, are financing themselves by pooling their obligations and paying them with funds obtained from a small loan institution. This money is then repaid through systematic budgeting.

Other speakers were Stockton Raymond, secretary of the Community Chest; Harry Van Horne, manager of the Columbus Better Business Bureau; Jack Nida, of the State Division of Securities; C. W. Rose, public defender; P. D. Hale, secretary of the Columbus Retail Merchants Association; Judge J. H. Dyer, L. K. Osborne and J. P. Michael, of Columbus, and J. Fred Anderson, Springfield, secretary and treasurer of the state association.

President Hamilton will address meetings at Cincinnati on April 9; Dayton, April 23; Zanesville, April 24, and Chillicothe, April 25.

The Annual Convention Meets in Washington

The Annual Convention of the American Association will be held in Washington from September 24 to 26, inclusive. In making this announcement the Executive Committee wishes to commend the generous waiver of rights by the Tennessee State Association to which the American Association had tentatively committed arrangements for this year's convention. Our Tennessee associates were quick to recognize the advantage of holding the meeting this year at the nation's capitol.

While there will be much of interest and of value in the deliberations of the Convention, do not overlook the enjoyable possibilities of a sojourn in Washington. This year's meeting will afford an extraordinary opportunity to combine business with pleasure.

More about it later when plans and program are further developed.

Maine Elects New Executives

At the quarterly meeting the Maine Industrial Lenders A sociation in Augusta on Mar 11th, officers for the ensui year were elected as follow Chairman, Edward M. Small, Lewiston; vice chairman, Cl ford J. Horner, of Portlan treasurer, Wesley M. Snow, Portland; secretary, A. E. Rob chaud of Portland.

Following the banquet serv at the Augusta House in t evening, Charles J. Bernste chairman of the Association, toastmaster, called upon Lela Stanford, President of the Mo roe Loan Society of New Jers who discussed the situation su rounding the uniform small lo law in New Jersey. Glenn Kna and Allen K. Dolliver, of N York, members of the Benefic organization, explained so practical methods of making regular meetings the Association int esting and helpf W. Frank Perso executive vice pre dent of the Americ Association, the pr cipal speaker of evening, outlined major tasks conro ting the person finance business a emphasized the portance of coope tive efforts throu the national body solve these proble

The Associat acted favorably up applications for me bership receiv from Monroe L Society offices in B deford, Bangor Waterville.

THE GIST OF IT

"Pith, Punch and No Phrills."—Ed.

is the policy of PERSONAL ANCE NEWS to publish ma- l of broad general interest ne members of the Associa- At the same time there is imate need for the publica- of personal notes and other rmative miscellany which es to the Editor from time me. Moreover, much of in- t is constantly happening in cent and related fields of ness regarding which we can make mention. Our mem- are having business experi- s out of which improved ods are being developed. sionally a bit of wholesome or is worth passing around. is the ambition of PERSONAL ANCE NEWS to become a pro- ive leader in its field. The or invites your cooperation aking THE GIST OF IT a hwhile and constructive de- ment. "Pith, punch and no lls" is the only general edi- l suggestion. Let's have thing from you.

• • •

veral personal finance ex- ves were noted by the Editor e Annual Eastern Regional ngs Conference of the Amer- Bankers' Association held New York on March 20. ng those observed were L. Harbison, F. B. Hubachek, Dr. Franklin W. Ryan. rs. Leon Henderson and h Nugent of the Department emedial Loans, Russell Sage ndation, were also counted ng those who attended the discussion of personal loan departments of commercial banks.

• • •

The Conservative Cash Credit System has opened a new office in Baltimore with John Good, formerly of its Passaic office, in charge.

• • •

The monthly meeting of the Maryland Association, held in the Baltimore Association of Commerce Building on April 8, was one of the best-attended meetings of the year. Both the President and Vice President being unavoidably absent, Howard Service, was selected presiding officer. Announcement was made that J. Murray Sweeney (Master Loan Service) had been chosen by the American Association as state membership chairman in behalf of the national body. The committee in charge of the annual banquet, to be held at the Lord Baltimore Hotel in Baltimore on the evening of May 13, reported that Governor Albert C. Ritchie and Hon. William F. Broening, Mayor of Baltimore, are expected to be present.

• • •

The Connecticut Association of Personal Finance Companies is considering establishment of a rule whereby applicants for loans who are not resident in the place of application for one year must be cleared in their former place of residence before a loan is made. A committee under the chairmanship of William A. Kolbert has unanimously recommended adoption of the regulation to the executive committee of the State Association.

• • •

The Beneficial Industrial Loan Corporation in its report to stockholders for the period ended December 31, 1929 states that the total volume of loans made by the Company's subsidiaries during the year was $58,513,297. This represents an increase of $11,778,112 or 25 per cent over figures for 1928. The total loans for December, 1929, were $8,186,829, which is the largest business done by the beneficial organization in any single month. The Company's system comprises 263 subsidiaries located in 21 states. The latest condensed balance sheet as of December 31, 1929, shows total assets of $41,146,453.12 of which $35,991,355.31 represent investments in subsidiaries.

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The thirteenth annual convention of the Illinois Industrial Lenders Association will be held Thursday, April 24th, at the Medinah Athletic Club, Chicago.

• • •

Personal finance companies operating in Terre Haute, Indiana, have organized the Personal Finance (Exchange) Bureau of Terre Haute with Harry J. Blockson, Public Loan Company, President; Albert Burgan, Peoples Welfare Loan Company, vice president; and Harvey Clark, Security Loan Company, secretary-treasurer. The membership is restricted to licensed companies and is affiliated with both the State and National Association.

Bibliography

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The books, bulletins, pamphlets and reprints of speeches described below are intended to provide a handy reference list for the use of persons desirous of studying the historical, social, economic, legal, financial, and administrative phases of the personal finance business.

Copies may be obtained at the prices indicated from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. The list follows. (Recent additions are indicated by bold-faced type.)

Year Books

There is an estimated surplus of copies of the Year Books for 1928 and 1929. Until the supply is exhausted two copies of the same or of either annual issue will be mailed to the same address upon receipt of one dollar.

Books and Brochures

"The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges," by Reginald Herber Smith. 10c per copy.

"The Trend and Progress of the Movement to Improve Small Loan Conditions," by Arthur H. Ham. 10c per copy.

"The Philosophy of the Uniform Small Loan Law," by Walter S. Hilborn. 10c per copy.

"The Need of Adequate Small Loan Legislation," by Walter S. Hilborn. 10c per copy.

"The Development of the Industrial Loan Business," by Hon. A. R. Robinson. 5c per copy.

"The Future of the Small Loan Business," by Dr. F. W. Ryan. 5c per copy.

"The Personal Loan Companies," by Dr. F. W. Ryan. 5c per copy.

"Making Credit Available for All." 10c per copy.

"Usury and Usury Laws," by Dr. F. W. Ryan. $2.50 per copy.

Roster of Personal Finance Companies in the United States

The American Association has just completed compilation and publication of a roster of personal finance companies in the United States. This book also carries a roster of state supervising officials and of exchange bureaus. The only other compilation of this kind attempted, so far as we know, was that made by the Indiana Industrial Lenders Association in 1926. At that time there was a total of 1,687 companies. The present report presents a total of 3,558 companies of which 3,520 are licensed in states which have regulatory laws. This book may be obtained from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C., postage prepaid, for $1.00.

Pamphlets

"Questions and Answers Concerning the Small Loan Business in New Jersey." 15c per copy.

"Constitution and By-Laws," American Association of Personal Finance Companies.

"Code of Ethics," American Association of Personal Finance Companies.

"A Specialized Financial Service." 10c per copy.

"The Industrial Loan Business," by John Dailey.

"Building Your Business on Good Will," G. W. Farrington.

"Helping Each Other," by C. G. Mueller.

"The Industrial Loan Companies, Part in the Readjustment," by W. G. Stevens.

"The Advantages of Membership in State and National Industrial Lenders Associations," by E. F. Moore.

"Industrial Lending as a Community Asset." 10c per copy.

"How to Organize a Lenders Exchange Bureau." 10c per copy.

"The Significance of the British Money Lenders Act of 1927," by Dr. F. W. Ryan. 10c per copy.

"The Small Loan Act," by Walter S. Hilborn. 10c per copy.

"Weathering Rainy Days," by Leon Henderson and Rolf Nugent. 10c per copy.

"The Fundamental Rightfulness of the Family Finance Business," by Dr. F. W. Ryan. 10c per copy.

Reports, Digests, Et

"The Small Loa Situation in New Jerse in 1929," by Dr. Wil ford Isbell King. 2 per copy.

"Financial Aspects the Small Loan Busine in New Jersey," by Pac Gore & McLaren, cert fied public accountant 25c per copy.

General Form, Un form Law. 5c per cop

Minnesota Interi Committee Report. 1 per copy.

Opinions of Impo tance. $2.00 per copy.

Some Prominent Me on the Necessity for I dustrial Banking. 1 per copy.

Legal Survey, compile by Indiana I. L. A. $3. per copy.

Report on State-wi Referendum by Citizer Committee in Wisconsi 25c per copy.

Report on Typical Sma Loans Made to Residen of Milwaukee County. 2 per copy.

Current References

Periodicals—Press

The following list of re ences to recent and current p lications is not available for p chase from the National Asso tion. They should be obtained rectly from the publishers.

"Industrial Banks' Operating P lems Shown by Survey," by Dr. Fr Parker, professor of finance, Univ sity of Pennsylvania. Published series by Philadelphia Inquirer. F tions of March 20th to ——.

"The Investor and Small Loan C panies," by Arthur A. Winston. ticle in "Money Markets and Inv ment," published by Investment P lishing Company, General Mot Building, Detroit, Mich.

"Signs and Portents of a Gr Revolution," by Prof. E. R. A. Se man, Columbia University. Art in Barron's, issue of March 17, 19

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The annual meeting of the diana State Association will held on May 21 and 22 at dianapolis. The banquet will held on the evening of May

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PERSONAL FINANCE NEWS

PUBLISHED BY THE AMERICAN ASSOCIATION OF PERSONAL FINANCE COMPANIES

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Vol. XIV, No. 11 May, 1930 $1.00 per Year

The Trend of Our Affairs

REFLECTION should confirm sound conviction. Consider the rate of charge for small loan service. This question has been debated vigorously—if not always with intelligent regard for facts—ever since it was discovered that usury laws are ineffective safeguards for the necessitous borrower lacking bankable collateral. The Russell Sage Foundation, following an investigation of the practical aspects of loaning money in small sums, fifteen years ago decided that the fair maximum rate was 3½ per cent per month on unpaid balances. This permitted rate has become uniform in the small loan legislation in some fifteen states.

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The most conspicuous misconception, industriously nursed by enemies of the personal finance business, is that this charge may be compared, properly, with the standard rates of bank interest. But the small loan charge is only in minor part a true interest charge,—a charge for the use of money. By far the greater proportion of the charge for small loans is absorbed in the costs of rendering the service,—of investigating the purposes of the transaction and the character and earning capacity of the borrower, and of collecting the account. The security offered is usually to be regarded merely as evidence of the contract and of the obligation to repay. Its cash value is often a small fraction of the amount loaned.

The personal finance business is not a banking business. It is a service industry supplying credit to that major class of people whose necessities sometimes outdistance their cash resources, and whose credit standing is not of the kind acceptable for loans at the bank rate. The money loaned is not derived from deposits by customers. It is private capital and subject to all the usual charges upon invested capital.

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Generally speaking, the cost of servicing small-sum loans is about the same as that of handling larger ones. What happens when the permited rate of charge is too small? One of two things. Either the business is confined to loans in the larger amounts, or it is discontinued. If only loans in the larger sums are available, the class of necessitous borrowers whose need for the service is greatest must go without accommodation, must take loans in larger amounts than they need, or must resort to dealings with the high rate operator who is always just around the corner. Legislative action does not affect the demand for credit.

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The essential point is to maintain a rate which will sustain the service within the entire range of the demand by all borrowers who are entitled to it. Competition within the business will always tend to encourage operation below this maximum rate as cheaper capital becomes available and economies are effected in management.

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Many Lending Institutions But Each Has Distinct Function

Only Banks and Personal Finance Companies Lend on Personal Security and Their Services Are Not Comparable

By M. AUSTIN POTTER, *Director*
Ohio Industrial Lenders Association

Each in Its Place

TO understand the management problems of the personal finance business and to differentiate it properly from other businesses engaged in the lending of money, a clear-cut comprehension of the essential elements of each type of operation is required. Mr. Potter's speech before the Rotary Club of Fostoria, Ohio, the basis of this article, identifies the fundamental characteristics of each business in understandable form.

Banks, building and loan associations, mortgage companies, credit unions, Morris Plan banks, discount companies, personal finance companies—each has its own place in the complex structure of American credit; each has its own constituency; each has its own peculiarities which, in the last analysis, dictate the overhead cost to be met if it is to survive.

THE personal finance business perhaps is erent from other s of business in t few people w exactly what s and what it s.

verybody knows the clothing rchant sells hes and that the ggist runs a dement store, but think of a personal finance e as a place at which people ow money, pay enormous inst charges and, once in debt, never able to get out. A not mmon belief is that such a ness serves no purpose exto make profits for itself, lief strikingly in contrast with my conviction after twenty-one years in the small loan business.

Credit Agencies

We have in this country many different types of lending institutions—

—banks of deposit, which lend deposited funds, together with their own capital and surplus, to corporations and individuals on notes with or without collateral, real estate security, or endorsers.

—savings banks, which lend their deposits, capital and surplus on real estate security.

—building and loan associations, which lend money received from the sale of shares of stock, on first mortgages on real estate.

—mortgage companies, which lend their money, and such funds as they can borrow through the sale of bonds or certificates of indebtedness, on first and second mortgages on real estate.

—The Morris Plan banks, which act as banks of deposit, theoretically lending money on notes with two co-signers, but, because few people are willing to ask their friends to endorse notes, actually devoting much of their energy to the

financing of installment sales.

—credit unions, non-profit cooperative associations which receive deposits from and lend money to their own members, often actually with no security other than character.

—discount companies, which invest their own and borrowed funds in installment paper arising from commodity transactions.

—salary buyers, who lend their own funds on wage assignments, purporting to "purchase" a part of an individual's salary until the next pay day, but, in reality, making a loan with the salary as security and charging large interest.

—individual lenders, who lend their surplus funds in any way they choose and on whatever terms they can obtain.

—personal finance companies, which operate in twenty-five states under special regulatory laws, lending sums of not more than $300 to families of moderate circumstances, with household goods usually their only security.

Personal Finance

The personal finance company is not directly related to any of the other lending agencies. It operates in a field that is relatively free from competition with outside institutions, but highly competitive conditions exist among the personal finance companies themselves.

Small loans are made to necessitous borrowers, who give notes secured by first mortgages on their household property, automobiles, live stock, or farm machinery. These loans are made for short periods of time, often requiring less than one year for repayment.

Is this business necessary or is it a fifth wheel on our economic machine? If we go over the above list of lending institutions to determine those which are generally accessible for the borrowing of cash on personal security, we find only the bank and the personal finance company.

Examination of bank loans shows that very few loans are made without collateral or endorsers to persons who do not own real estate. One national statistical bureau has declared that only 15% of the people have deposits in banks and that of this number only two-thirds are able to borrow from banks.

Bank Experiment

The National City Bank of New York several years ago recognized the need for substantial borrowing facilities by the mass of the people, and instituted a department making loans up to $1,000 to thrift depositors and accepting repayment in weekly installments.

The bank built up a sizable business, but at the same time the personal finance companies and the salary buyers who still operate in New York also increased their business, demonstrating that even the National City's facilities were not sufficient to handle the loans required by necessitous borrowers.

This is especially noteworthy, inasmuch as the Small Loan Law in New York state restricts the rate of charges for such loans to a level which has not permitted development of the business to useful proportions and has not attracted stable capital in substantial volume.

$885 vs. $84

In Ohio, in a town the size of Fostoria, for example, banks make more personal loans than are made by banks in larger cities; yet if the figures were compiled it would be found that the number of loans made by personal finance companies operating in that county would compare very favorably with the number of loans made by banks. Two banks in a town the size of Fostoria have outstanding 3,100 loans, aggregating $2,660,000, an average of $885. A personal finance company with which I was associated for eight yea had outstanding in the office that territory 3,600 loans, aggr gating $300,000, an average $84.

In the present econom scheme of things a great ma people are not served by t banks, the only other legal a generally available institutio lending money on personal s curity.

Sage Foundation

In 1906, Mrs. Russell Sage e dowed a philanthropic found tion with $10,000,000 for t purpose of improving social co ditions generally. After some i vestigation, it was decided th the Russell Sage Foundati should devote some of its effor to improving conditions in t small loan field. After watchi for several years the operati of remedial, philanthropic co panies which it established, t Foundation reached the conc sion that—

—there is need for comme cial companies which ma loans on personal proper

—loans should be limited amount to $300.

—that the rate of interest lowed by law should be r to exceed 3½% a mont without fees, in order to tract legitimate capital in the field in sufficient volu to meet the need for whi the philanthropic compani had proved inadequate.

These provisions are embodi in a law passed in New Jers in 1914. Laws similar to that New Jersey, but with some mo ifications from time to time, ha been adopted in 24 other stat with the result that in tho states adequate funds now a available for people to borrow reasonable rates. The Sage Fou dation is concerned only w

he condition of the borrower, wns no loan companies and does ot care what the companies hink of it. Whenever it may be- ome convinced that the neces- itous borrower could be served roperly at a lower net cost, it ill endeavor to bring about re- uction of present charges.

Ohio Experience

In 1913, Ohio passed a law hich provided for a charge of 0% for making the loan and % interest per annum. This was bjected to much abuse. In 915, a new law was passed, al- wing a charge of 3% per month unpaid balances and a small e for the making of small ans. There was, however, no nit placed upon the size of ans which might be made and any capitalists were attracted the field by the prospect of ge profits from large loans at ose rates. Many of these have llen by the wayside.

Most of the persons in the siness concluded that a limit $300 should be set. Last year, ile not stipulating directly the ximum size of small loans at per month, the legislature ssed a law providing a limit 8% interest per annum on ns of more than $300, achiev- the same result for practical rposes.

The bill passed last year was narkable in that it com- nded a unanimous vote in h houses, despite the efforts group, supposed to represent ary buyers, to force into the a rate of 1½% which would e crippled the state's small n facilities.

Bank Rates No Guide

Three percent a month sounds f it were a sufficient charge produce an enormous profit, ecially when it is thought of in comparison with a bank rate of 6% per annum. A part of the difference is accounted for by the fact that loan companies lend their own capital and what they can borrow from banks or from the public at going rates of interest, whereas banks lend not only their own capital and surplus, but also the money deposited with them. The remainder of the difference arises from the different character of the two businesses and the different ratios of expense in servicing small and large loans.

Mercantile Methods

What, for example, would happen if a merchant were to operate under the provisions of a small loan law? If he has $10,000 invested in stock, he would receive a gross return of not more than $3,600 per year, from which he would have to pay rent, advertising, clerk hire, taxes, depreciation, maintenance, bookkeeping and absorb credit losses and losses from obsolescence. The remainder would be his net return, probably little or nothing, perhaps even a substantial loss and impairment of his capital.

Turnover saves him and gives us our merchant princes. If a merchant marks his cost up moderately, say 50%, and turns his stock three times a year, he has a gross of $15,000 from which to meet his expenses. But in the personal finance business there is no turnover of capital. The only added increment is from the reinvestment of interest earnings, but that is from additions to capital account rather than from turnover.

A worthy enterprise not only must serve its customers and its proprietors, but its community as well. Loans commonly are divided into two classes, productive and consumptive. Financial institutions advance funds to manufacturers to change raw material into a finished product; to transportation companies to move commodities from a point of surplus to a point of scarcity; to merchants and others to buy in quantity and distribute in smaller lots. These loans have social approval because the funds are used to create values of form, place and time. It is claimed, moreover, that these funds are repaid out of the values created by these services and that society is benefited.

Personal loans generally are considered consumptive loans in that no apparent new value is created by the making of the loan and its repayment. That may not be entirely true, but it is not the point of immediate interest here. Who, however, is to say that a loan is not productive, and does not add to the sum total of the wealth of society, if it makes it possible for a workman to become a more skilled workman, or a healthier workman, or a workman relieved of the devastating effects of worry over things which are beyond his control, or over things which he might control if he had funds temporarily?

Loans that accomplish those things improve the economic position of the workman, stabilize his purchasing power, make him a better citizen and, hence, have a profound influence for good upon the community in which he lives.

NOTE

The Editor would appreciate exchange copies of all printed and mimeographed publications issued by state associations and personal finance companies. Put us on your mailing list.

Business Facts and Cooperative Leadership

The President Declares New Business Technique Assures Orderly Progress

By JOHN MARRINAN

Eliminating the Guess

THE President says that rule-of-thumb methods in business are being constantly displaced by the products of practical research. Finding the facts; interpreting them intelligently; and facing the results courageously;—this is the new technique which sustains orderly, well-planned advances in American business.

Getting your own facts and then ascertaining where they properly fit into the national picture;—that is the new business practice.

Examine the accompanying chart with your monthly loan balances for the past two years before you. Does the trend in manufacturing payrolls exert any influence on your business?

★ ★ ★

In a recent address before the Annual Convention of the Chamber of Commerce of the United States, President Hoover emphasized the trend toward factual consideration of the problems of business and cooperative leadership in industry as two factors which are contributing to the "orderly, well-planned advance" of American business.

"Familiar to us all is the long-prevailing conception of uncontrollable, haphazard cycles of peaks and valleys, of high levels reached in bewildering suddenness and terminating in inevitable crashes, subjecting business to lean years of re-creative and re-building effort," the President said.

"During the past six months," he continued, "this traditional theory and likewise American business intelligence have been put to the test. Last fall, a critical situation arose which brought clearly into issue the question whether the allied forces of business and industry, by a closer coordination of their courage and experience, could demonstrate that the wayward and fickle economic cycle could be straightened out into an orderly and harmonious progression. The urgency of that question gave rise to a significant movemer —the National Bus ness Survey Confe ence, as a result which we have seen, i nationwide operatio a voluntary regiment tion of trained ob servers and interpre ers of business fac and events—respons ble men of recognize business leadershi who analyzed and r ported the exact co dition of their indu tries and their programs. Thi marshaling and assembling business facts in proper perspe tive and proportion is based upo the knowledge that rumors ar always deceivers and that fear i a bad counsellor, and, moreove that nothing can be so utterl misleading as an isolated fac considered apart from its at tendant circumstances and it related facts.

Rule-of Thumb Obsolete

"Though the forces of that mo-
ilization are still being applied,
lready the first pages of a
ighly significant chapter in eco-
omic history have been written.
merican business has definitely
roken new ground. New forces
ave boldly entered the field and
hallenged the rule-of-thumb
ntrol of economic conditions
hich has heretofore too gener-
ly prevailed.

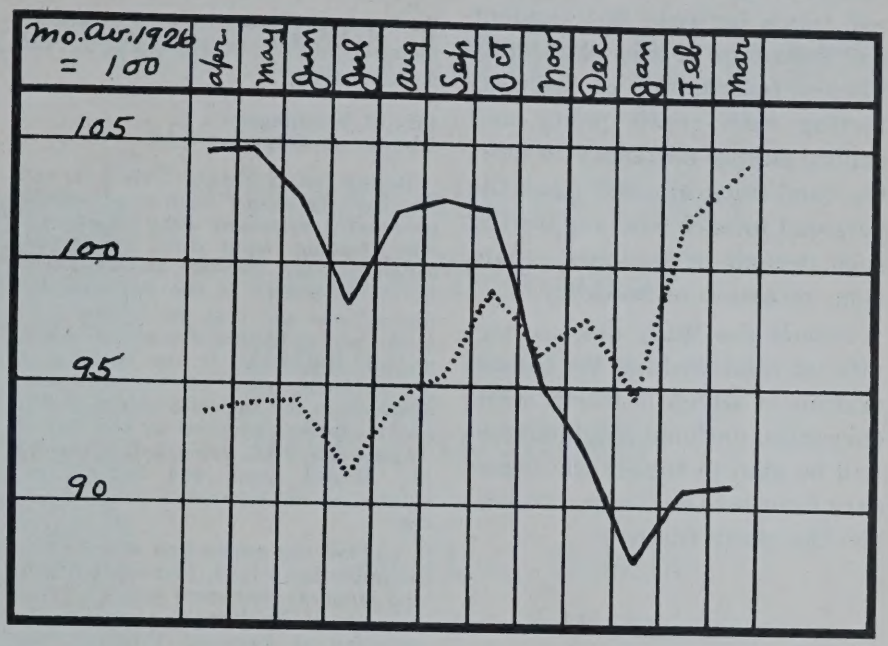
"Business has been measura-
y successful in solving the prob-
ms of production and distribu-
on and, indeed, a more equit-
le sharing of rewards. But per-
ction has by no means been at-
ined. and it would indeed be
ort-sighted for business idly to
smiss any sound, critical an-
ysis of our present system. If,
our individual business enter-
ises, we close our eyes to facts
d pertinent criticism we do so
the risk of a rude awakening.
similar blindness on the part
the business community to the
t that our business opportuni-
s entail corresponding and
er-widening responsibilities,
ist inevitably bring about re-
sals.

Cooperative Leadership

"It has been said that *pros-*
rity has come to mean a rate
advance rather than a condi-
n. In directing this economic
vance we have come into a new
preciation of leadership as dis-
guished from mere domina-
n. The one-man show, the self-
led Napoleon of industry,
ose whims and prejudices in-
nced affairs, is today an
maly. He belongs to a past as
note almost as the day when
at issues could be decided by a
l to the death of a David and
oliath. Domination with its

Pay Roll Totals, Manufacturing Industries
Monthly Indexes 1928-1930.

——— = 1929-30 ..... = 1928-29



order-giving and decrees is giving way to an intelligent, co-operative leadership which makes for orderly, well-planned advance."

Personal Finance Facts

In the personal finance business there is a manifest desire to get at the basic economic facts upon which the business is dependent for its growth and its sustenance—a desire to ascertain what, if any, relation exists between it and other factors in the economic structure of the country.

Notwithstanding the popular misconception that hard times are good times for the personal finance business, it is fairly well established that this is not at all the case. Obviously a business that depends primarily for its security upon the assured earning power of its patrons cannot move forward as certainly in times of unemployment and business dislocation as when the payrolls of the country are enjoying a generally stabilized condition. At the same time it is probable that the actual facts in this connection have not generally been studied nor ascertained.

Examining Your Business

Accompanying this article is a chart prepared from data supplied by the United States Department of Labor. It shows by weighted index numbers the movement of total payrolls during the last two years in some 12,748 establishments in 54 of the principal manufacturing industries of the United States. It covers a period of dislocation in American industry which would tend to disclose more clearly the relation, if any, between the personal finance business and the status of payrolls in manufacturing industries.

A study of your own business in times of falling payroll totals

or, conversely, when the payroll trend is upward—as is the case now in the recovery from the "deep valley" shown in the payroll totals between last October and February of this year—may disclose information of value affecting both credit policy and capital supply necessary to meet the conditions imposed upon the personal finance business during such periods of business expansion, recession or recovery.

Should the study disclose significant relationships, the consideration of which is worth while currently, national headquarters will be glad to supply the necessary figures to enable you to pursue the study further.

Bank Loan Commissions—When Reportable Income

A BANK which keeps its books on a cash basis is not required to report as income commissions charged on loans until the loans are repaid, the Circuit Court of Appeals for the Fifth Circuit (*David H. Blair v. First Trust and Savings Bank of Miami Florida,* No. 25543) has held.

In the case considered, the bank charged a fee of about 2 per cent on loans made. This commission was not actually received, the court held, until the bank received back what it paid out, plus the commission. The action of the court sustained a ruling of the Board of Tax Appeals, which had reversed a ruling of the Commissioner of Internal Revenue that commissions should be returned as income received at the time the loans were made to borrowers.

Statement of the Ownership, Management, Circulation, etc., Required by the Act of Congress of August 24, 1912

Of Personal Finance News, published monthly at Washington, D. C., for April 1, 1930.

City of Washington }
District of Columbia } ss

Before me, a Notary Public in and for the state and county aforesaid, personally appeared John Marrinan, who, having been duly sworn according to law, deposes and says that he is the Editor of the Personal Finance News and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Name of Publisher: American Association of Personal Finance Companies.

Post Office Address: 712 Tower Bldg., Washington, D. C.

Editor: John Marrinan, 712 Tower Bldg., Washington, D. C.

Managing editor: None.

Business managers: None.

2. That the owner is: American Association of Personal Finance Companies, 712 Tower Bldg., Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number o copies of each issue of this publicatio sold or distributed, through the mail or otherwise, to paid subscribers dur ing the six months preceding the dat shown above is: (This information i required from daily publications only.)

JOHN MARRINAN, *Editor.*

Sworn to and subscribed before m this 25th day of March, 1930.

(SEAL.) HELEN HULSE.

(My commission expires October 24 1934.)

Salary Purchasing Regulations Upheld

THE constitutionality o the Ohio law regulating salary purchasers has bee upheld in a decision of the Cour of Appeals of Cuyahoga County Eighth District, No. 10643. Th last session of the Ohio Legisla ture passed an amendment t the small loan act of the state which became effective July 4 1929, regulating salary purchas ers so that they are considere to be in the loan business and t require a license. This automati cally restricted their rate of dis count or interest to a maximur of 3 per cent per month.

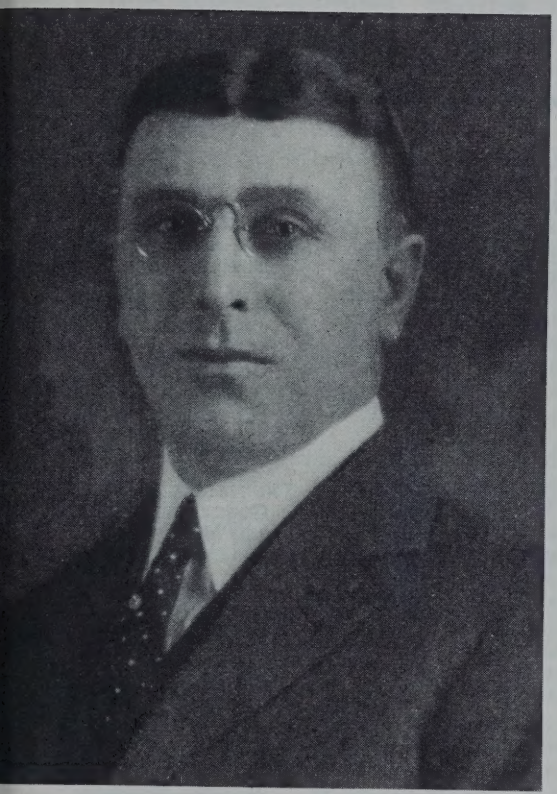
Soon after the law became ef fective the better business bu reaus of Cincinnati, Columbus Toledo and Cleveland institute action against salary purchasin offices. Raids conducted in Cleve land resulted in the arrest of fiv defendants all of whom wer found guilty and fined in th police court. Their cases wer carried to the court of appeal on the question of constitution ality and the court of appeal affirmed the judgment of th lower court.

Theodore Roosevelt once saic "Every man owes a part of hi time and money to the develop ment of the business or industr in which he is engaged."

Membership Gains Show New Monthly Record

Massachusetts Takes Lead When Ideal Finance System Is Added to Rolls

By H. G. HOPSON
National Chairman, Membership Committee



SIDNEY E. BLANDFORD
Chairman, Membership Committee in Massachusetts

MASSACHUSETTS, under the leadership of Mr. S. E. Blandford of Boston, this month mped from fourth place to first ace in the number of applica-ns submitted. To date Mr. andford has secured a total of urteen. Connecticut, which ld first place last month, slip-d to second place with a total thirteen applications. Ohio, hich last month ran second, is w in third position with ten plications, and Pennsylvania, th only one application to its credit last month, is tied for third place with Ohio, thus sending Rhode Island down to fifth place with nine applications. Washington-Oregon, which was running neck and neck with Ohio last month, is at present in sixth place with eight applications to its credit. Virginia, under the leadership of Mr. J. S. Edge, of Richmond, is tied for seventh place with Maryland and Indiana. These are followed closely by New Hampshire, Iowa, Missouri, Georgia, Louisiana, and Illinois.

The largest single contribution to the National Association membership campaign since the last issue of the PERSONAL FINANCE NEWS is the receipt of applications for membership from twenty-two offices of the Ideal Financing Association, Inc. Five offices of this system were already members.

Personal Work

There has been a gratifying willingness on the part of the individual members of the Association during the last month to back up the efforts of the State Membership Chairmen and this, in all probability, counts in large part for the splendid showing. We cannot impress too forcefully upon members the desirability of their continuing to contact every non-member within their reach. As has been pointed out before, it is physically impossible for the State Membership Chairmen to make all of these contacts themselves. If every member will consider himself a committee of one to help in this work, the campaign cannot fall short of being entirely successful. On the basis of results up to this time it can be stated with confidence that

the goal set at the beginning of the campaign will be reached or surpassed by the time of our sixteenth annual convention, which is scheduled to be held in Washington, D. C., next September.

Why Not 100 Per Cent

The work of the National Association was never before so important as now. Contacts are constantly being made where they will do most good. The executive office of the Association is functioning 100 per cent. In order that their splendid work might bear the best fruits it is essential that the membership roster include every eligible licensee in the United States. While this may sound like a very ambitious program, it is entirely logical and possible. Until this 100 per cent membership i achieved, your individual mem bership cannot be as valuable a it should.

The National Membershi Chairman, in behalf of the va rious State Membership Chair men, wishes to take this oppor tunity to thank all of you wh helped in making April a banne membership month.

NEW MEMBERS

GREAT AMERICAN FINANCE SYSTEM, INC.,
616 Slattery Building,
Shreveport, La.

PERSONAL FINANCE COMPANY,
4121 Hamilton Avenue,
Cincinnati, Ohio.

THE PROVIDERS ASSOCIATION,
5911 Latona Avenue,
Philadelphia, Pa.

FRANKLIN PLAN COMPANY OF AMERICA,
76 East Main Street,
Waterbury, Conn.

THE ASSOCIATED THRIFT & LOAN COMPANY,
14 Wall Street,
Madison, Conn.

CONTINENTAL FINANCE CORPORATION,
18 Asylum Street,
Hartford, Conn.

CONSOLIDATED CREDIT COMPANY,
219 Pittock Block,
Portland, Ore.

NORTHWESTERN FINANCE CO.,
205 Oak Street,
Portland, Ore.

CONSOLIDATED FINANCE CO.,
312 Joshua Green Building,
Seattle, Wash.

CONSOLIDATED FINANCE CO.,
306 Empire State Building,
Spokane, Wash.

CONSOLIDATED FINANCE CO.,
205 West Heron Street,
Aberdeen, Wash.

CONSOLIDATED FINANCE CO.,
219 Arts Building,
Vancouver, Wash.

BALDY FINANCE COMPANY,
203-A West Holly Street,
Bellingham, Wash.

BALDY FINANCE COMPANY,
1208 Broadway,
Longview, Wash.

MASTER LOAN SERVICE,
212 Healv Building,
Atlanta, Ga.

MASTER LOAN SERVICE,
212 Equitable Building,
Baltimore, Md.

MASTER LOAN SERVICE,
12 E. Lexington Street,
Baltimore, Md.

MASTER LOAN SERVICE,
355 Calvert Building,
Baltimore, Md.

NORFOLK LOAN SOCIETY,
306 E. Plume St.,
Norfolk, Va.

ROANOKE LOAN SOCIETY,
201 Mountain Trust Bldg.,
Roanoke, Va.

LYNCHBURG LOAN SOCIETY,
214 Eleventh Street,
Lynchburg, Va.

PERSONAL FINANCE COMPANY,
11625 Detroit Avenue,
Cleveland, Ohio.

PERSONAL FINANCE COMPANY,
211 Second Street,
Chesapeake, Ohio.

BENEFICIAL LOAN SOCIETY,
5623 W. Twenty-Second St.,
Cicero, Ohio.

INDUSTRIAL BANKERS OF BE ERLY, INC.,
284 Cabot Street,
Beverly, Mass.

INDUSTRIAL BANKERS OF CHI OPEE, INC.,
45 Springfield Street,
Chicopee, Mass.

PERSONAL FINANCE COMPAN
358 Central Avenue,
Dover, N. H.

INDUSTRIAL BANKERS GLOUCESTER, INC.,
140 Main Street,
Gloucester, Mass.

PERSONAL FINANCE COMPAN
23 West Street,
Keene, N. H.

INDUSTRIAL BANKERS OF WE STER, INC.,
224 Main Street,
Webster, Mass.

HOME MORTGAGE COMPANY,
Morgan Building,
Clinton, Ind.

APPLICATIONS PENDING

IDEAL FINANCING ASSN., INC.,
347 Main Street,
Middletown, Conn.

IDEAL FINANCING ASSN., INC.,
341 State Street,
New Haven, Conn.

IDEAL FINANCING ASSN., INC.,
6 Pleasant Street,
Malden, Mass.

IDEAL FINANCING ASSN., INC.,
24 Union Avenue,
Framingham, Mass.

IDEAL FINANCING ASSN., INC.,
256 Westminster Street,
Providence, R. I.

IDEAL FINANCING ASSN., INC.,
2 Washington Street,
Quincy, Mass.

IDEAL FINANCING ASSN., INC.,
179 Main Street,
Pawtucket, R. I.

IDEAL FINANCING ASSN., INC.,
194 Main Street,
Woonsocket, R. I.

IDEAL FINANCING ASSN., INC.,
657 Main Street,
Waltham, Mass.

IDEAL FINANCING ASSN., INC.,
7 Park Street,
Attleboro, Mass.

IDEAL FINANCING ASSN., INC.,
178 S. First Street,
Lehighton, Pa.

IDEAL FINANCING ASSN., INC.,
1 Bull Street,
Newport, R. I.

IDEAL FINANCING ASSN., INC.,
Second and Oak Streets,
Mount Carmel, Pa.

IDEAL FINANCING ASSN., INC.,
57 E. Main Street,
Nanticoke, Pa.

IDEAL FINANCING ASSN., INC.,
Broad and Center Streets,
Tamazua, Pa.

IDEAL FINANCING ASSN., INC.,
115 West Lockhart Street,
Sayre, Pa.

IDEAL FINANCING ASSN., INC.,
20 Main Street,
Plymouth, Pa.

IDEAL FINANCING ASSN., INC.,
9 N. Centre Street,
Pottsville, Pa.

IDEAL FINANCING ASSN., INC.,
681 Washington Street,
Norwood, Mass.

IDEAL FINANCING ASSN., INC.,
Pleasant and Parker Sts.,
Gardner, Mass.

IDEAL FINANCING ASSN., INC.,
415 Main Street,
Athol, Mass.

IDEAL FINANCING ASSN., INC.,
17 S. Third Street,
Easton, Pa.

PERSONAL FINANCE COMPA OF CLEVELAND, INC.,
5350 Broadway,
Cleveland, Ohio.

METRO LOAN COMPANY,
6306 Cottage Grove Aven
Chicago, Ill.

METRO LOAN COMPANY,
307 Klee Building,
Chicago, Ill.

COMMUNITY LOAN COMPA
209 Wisconsin Avenue,
Milwaukee, Wis.

PERSONAL FINANCE COMPA OF CLEVELAND, EAST. INC
1400 Hayden Avenue,
Cleveland Ohio.

METRO LOAN COMPANY,
347 Court Street,
Pekin, Ill.

INDUSTRIAL LOAN ASSN., IN
76 State Street,
New London, Conn.

More Next Month!

State Organizations

Secretaries of State Associations

RIZONA—L. B. Christy, Phoenix.
OLORADO—L. M. Brazier, 320 Symes Bldg., Denver.
ONNECTICUT—Henry Holm, 152 Temple St., New Haven.
LORIDA—Alfred Lovesky, 309 Olympia Bldg., Miami.
EORGIA—C. T. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.
LINOIS—J. H. Sanderson, 11 S. LaSalle St., Chicago.
NDIANA—Paul A. Hancock, 202 Amer. Central Life Bldg., Indianapolis.
OWA—Ellis Levitt, 215 Southern Surety Bldg., Des Moines.
LOUISIANA—F. B. Smith, 1707 Dryades St., New Orleans.
MAINE—A. E. Robichaud, 209 Clapp Memorial Bldg., Portland.
MARYLAND—E. M. Garren, 331 Equitable Bldg., Baltimore.
MASSACHUSETTS—D. J. Cote, 225 South Main St., Fall River.
MICHIGAN—W. G. Stevens, 2030 First National Bank Bldg., Detroit.
MISSOURI—R. E. Hughes, 119 N. 7th St., St. Louis.
NEW HAMPSHIRE—F. A. Brodeur, 967 Elm St., Manchester.
NEW JERSEY—J. Gay Seabourne, 110 W. 40th St., New York City.
OHIO—J. F. Anderson, Bushnell Bldg., Springfield.
PENNSYLVANIA—W. S. Herron, 404 Denckla Bldg., Philadelphia.
RHODE ISLAND—E. LaGueux, 307 Main St., Pawtucket.
TENNESSEE—E. J. Franch, 212 Derman Bldg., Memphis.
VIRGINIA—Roland H. Brown, 209 N. Sycamore St., Petersburg.
WASHINGTON—Robert L. Campbell, 232 Provident Bldg., Tacoma.
WEST VIRGINIA—W. B. Grimes, 304 Kanawha Natl. Bank Bldg., Charleston.
WISCONSIN—D. E. Burk, 405 Bartlett Bldg., Milwaukee.

our Hundred Attend Meeting

The Illinois Industrial Lends' Association held its thirenth annual convention and nquet at the Medinah Athletic ub in Chicago on April 24th. tended by more than four ndred members and associes, the Illinois meeting is reted one of the best in the tory of the Association.

The Association voted unaniusly to change its name to the inois Association of Personal nance Companies to correond with the action taken by e American Association.

Two More States

SINCE the April Number of PERSONAL FINANCE NEWS was published, two additional state organizations—those in Illinois and Massachusetts — have changed their names to Association of Personal Finance Companies, to conform with that of the national organization. Similar action is pending in several other states.

Albert P. Snite, president of the Association, and also president of the American Association, reported during the business session on the work proceeding at national headquarters in Washington, expressing the opinion that the American Association was being constantly more helpful to the personal finance business. The Association received into membership thirteen personal finance companies operating within the state.

Major Norman Allen Imrie, Culver Military Academy, Culver, Indiana, was the guest speaker of the evening at the annual banquet, over which Mr. Tate J. Harrison of Waterloo, Iowa, Treasurer of the American Association, presided as toastmaster. Other guests at the speaker's table were Charles

R. Napier, Chicago attorney, and Edgar F. Fowler, Secretary of the American Association.

Michigan Meets at Ann Arbor

The Michigan Industrial Lenders' Association held its fifteenth annual meeting in the Michigan League Building on the campus of the University of Michigan at Ann Arbor on April 17th.

The morning session was addressed by Shirley W. Smith, Secretary of the University of Michigan; Dr. Dean W. Meyers, President of the Council of Ann Arbor, and Mr. C. H. Watts, President of the Beneficial Operating Bureau of New York. There was an attendance of 145 at the morning session.

At the afternoon meeting there was a discussion of the service rendered the small borrower, together with reports on the work of the American Association by Chairman Norman Buckner and Mr. C. H. Watts of New York.

The banquet in the evening, one of the best attended affairs thus far conducted by the association, was addressed by R. E. Reichert, State Banking Commissioner; R. O. Bonsteel, Masonic Grand Master of Michigan, and Burr Blackburn, Household Finance Corporation of Chicago.

Massachusetts Goes Personal Finance

The Massachusetts Industrial Lenders' Association held its quarterly luncheon meeting at the Parker House in Boston on April 16th. The meeting was addressed by Earle E. Davidson, State Supervisor of Loan Agencies, who delivered an interesting and helpful discussion of the work of his department in connection with the operation of small loan companies in Massachusetts.

The association voted to change its name to that of the Massachusetts Association of Personal Finance Companies in conformity with the action of the national body.

The Association approved an amendment to its constitution and by-laws, changing the name of its presiding officer from "Chairman" to "President," and of its two "Vice-Chairmen" to "Vice-Presidents."

The following were named as an Executive Committee to handle various important matters on behalf of the Association and to report thereon: S. E. Blandford, Chairman; A. G. Zimmerman, M. W. Neuma and J. C. Turner.

Getting Ready for the Event of the Year

Convention plans are taking shape. A broad, constructive convention theme with appropriate and authoritative discussions from a variety of viewpoints. Something a little new in convention programs.

And there is to be entertainment, sightseeing, get-together meetings of company groups, and diversion for the ladies.

Mark it up on your calendar—Washington, D. C., September 24 to 26, inclusive.

More about it in the June issue.

Meeting Schedule

Indiana—Indianapolis, May 21-22.
Missouri—St. Louis, May 28.
Tennessee—Nashville, June 6.
Massachusetts—Boston, July 16.
Michigan—Detroit, October 16.

The Pennsylvania A sociation of Personal F nance Companies he its regional meeting the Lycoming Hotel Williamsport on Ma 14th. The meeting w addressed by Mr. Geor Porter Shotwell, Trea urer of the Pennsy vania Association, w discussed "National F nance."

• • •

The Missouri Association Personal Finance Compani meets in St. Louis on May 28t Mr. W. Frank Persons, Vic President of the American A sociation, has been invited address the meeting.

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The Wisconsin Industri Lenders' Association held its a nual meeting at the Hotel Ph ster in Milwaukee on May 8t More about it later.

• • •

The spring meeting of th Washington Association of Pe sonal Finance Companies wa held at the Tacoma Hotel at Ta coma on May 10th. The nationa situation with regard to the un form small loan law was dis cussed by Bennett Baldy of th Baldy Finance Company, an the Washington State situatio by Walter E. Hogan, Presider of the association. E. M. Fishe of the Surety Finance Compan of Yakima discusse "Qualifications Justify ing a Personal Loan" an F. W. Read of the Co solidated Finance Com pany, Seattle, spoke o "Sound Results in Ad vertising."

Legal Decisions of Interest

Jnited States Supreme Court Dismisses Georgia Appeal

THE United States Supreme Court, on March 3, 1930, dismissed "for want a substantial federal ques-n" an appeal in habeas corpus oceedings from a decision of e Supreme Court of Georgia manding to custody a violator the small loan law of that te. In effect the Supreme urt said to the appellant: Ve have passed on these issues eady so completely that you d no business to take up our ne with them again." The ac-n of the Court on the issues esented is explained as follows counsel associated with the torney General of Georgia in esenting the argument before e Supreme Court of the United ates.

Morgan, Appellant, v. State of Georgia, Appellee

"No. 235, October 1929 Term ited States Supreme Court.

"On March 3, 1930, the Court missed the appeal in a per riam decision 'for want of a ostantial federal question,' 74 Ed. (adv. op.) 342.

"Quaere: What did the Court an by "want of a substantial deral question"; and what is e effect of the dismissal of the peal on the issues presented the case?

"To answer these questions a ef statement of the case is cessary.

The Law

"Section 1 of the Georgia Small Loan Act forbids any person, copartnership or corporation to engage in the business of making loans of money, credit, goods or things in action in the amount or to the value of $300 or less and charge, contract for or receive a greater rate of interest than 8 per cent per annum therefor, except as authorized by the Act, and without first obtaining a license from the State Bank Examiner.

"Section 17 forbids any person, except as authorized by the Act, to directly or indirectly charge, contract for or receive any interest or consideration greater than 8 per cent per annum upon the loan, use or sale of credit, of the amount or value of $300 or less.

"Section 18 makes violation of said sections 1 or 17 a misdemeanor.

"Section 13 permits licensees to charge interest at a rate not to exceed 3½ per cent per month.

The Issues

"The appellant was indicted and held on two counts charging him with violations of said Section 17 by engaging in the business of charging for and receiving more than 8 per cent per annum interest or consideration for the loan, use or sale of credit of the amount of $300 or less, without having obtained a license; and on a third count charging him with engaging in the business of loaning credit in an amount less than $300 and charging therefor more than 3½ per cent per month. He sought release by habeas corpus proceedings, was remanded to custody as a result of the judgment of the Supreme Court of Georgia in *Morgan v. Lowry, Sheriff* (149 S. E. 37) and appealed to the Supreme Court of the United States on the grounds that the provisions of said Act limiting the price he might charge for the loan, use or sale of credit deprived him of liberty or property without due process of law and denied to him the equal protection of the laws within the meaning of the Fourteenth Amendment to the Constitution of the United States.

Citations

"In dismissing the appeal the Court cited cases which throw light on the questions we seek to answer. Of these, the first case cited, *Griffith v. Connecticut* (218 U. S. 563), is the only one which involved the exaction of interest at a greater rate than permitted by a state statute.

"The State of Connecticut moved that the appeal be dismissed or, in the alternative, that the judgment appealed from be affirmed on the ground that the appeal presented no substantial federal question. The

Court held that a substantial federal question was raised, and its language in disposing of it was as follows (at page 571):

> "As, however, the particular classification here assailed has not been the subject of express consideration in any prior decision of this Court, and hence the power to make it can not be said to have been so explicitly foreclosed as to cause contention on the subject to be obviously frivolous, the motion to dismiss can not prevail. . . . It is, however, manifest . . . the contentions now advanced against the correctness of the judgment are so wholly without merit as not to require further argument. The motion to affirm must therefore prevail."

"Of the other cases cited in the per curiam decision, *Zucht v. King* (260 U. S. 174), most clearly illustrates that the fact that prior decisions of the Court had fully settled the appellant's contentions against him, had conclusive weight with the Court in arriving at the decision that no substantial federal question was raised by the appeal.

"In *Zucht v. King* the plaintiff below had been excluded from the public schools for want of a certificate of vaccination; she sued for injunction, also to compel the school officials to admit her and for damages. The Supreme Court, through Justice Brandeis, said (at page 176):

> "Although the validity of a law was formally drawn in question it is our duty to decline jurisdiction whenever it appears that the constitutional question presented is not, and was not, at the time of granting the writ, substantial in character [citing case]. Long before this suit was instituted, *Jacobson v. Massachusetts* (197 U. S., 11) had settled that it is within the police power of a state to provide for compulsory vaccination. That case and others had also settled that a state may, consistently with the Federal Constitution, delegate to a municipal authority to determine under what conditions health regulations shall become operative [citing cases]. And still others had settled that the municipality may vest in its officials broad discretion in matters affecting the application and enforcement of a health law [citing cases]. A long line of decisions by this Court had also settled that in the exercise of the police power reasonable classification may be freely applied and that regulation is not violative of the equal protection clause merely because it is not all embracing [citing cases]. In view of these decisions we find in the record no question as to the validity of the ordinance sufficiently substantial to support the writ of error."

"In *Roe v. Kansas* (278 U. S. 191), cited in the per curiam decision, the language of the Court was as follows (page 192):

> "This writ of error to the Supreme Court of Kansas must be dismissed. The alleged grounds therefor are so lacking in substance that they may be properly designated as frivolous."

"In *Griffith v. Connecticut* the Court had settled questions raised by the appellant Morgan in this language (at page 569):

> "It is elementary that the subject of the maximum amount to be charged by persons or corporations subject to the jurisdiction of a state for the use of money loaned within the jurisdiction of the state is one within the police power of such state. The power to regulate existing, the details of the legislation and the exceptions proper to be made rest primarily within the discretion of the state legislature."

The Decision

"What the Court then meant, in the instant case, by 'want of a substantial federal question' was, in our opinion, that the Supreme Court of the United States had, before the appeal was taken, removed from the field of argument all the contentions of the appellant Morgan and had settled them adversely to him by its prior decisions which had become so well known to bench and bar that to attempt to raise them again by appeal to that Court was frivolous and therefore had no substance; any other meaning would imply the denial, by that high Court, to a citizen, of a hearing on his constitutional rights and that is unthinkable.

"And the effect of the dismissal of the appeal, on the issues presented by the case, is that sections 1, 17, 18 and 13 of the Georgia Small Loan Act did not deprive the appellant Morgan of liberty or property without due process of law or deny to him the equal protection of the laws within the meaning of the Fourteenth Amendment to the Constitution of the United States; and in substance the effect of the dismissal of the appeal is to affirm the judgment of the Supreme Court of Georgia.

State Counsel Concurs

"We are authorized by Messrs. Albert Howell, Mark Boldin and Herman Heyman of Atlanta, who, with the Attorney General, were attorneys for the state in the Morgan case, to say that they fully concur in this opinion."

Dated April 8, 1930.

FRANK R. HUBACHEK,
FRANK BROOKES HUBACHEK
CHARLES SCOTT KELLY.

Semi-Annual Meeting of Connecticut Association

The Semi-Annual All-Day Meeting of the Connecticut Association of Personal Finance Companies will be held on June 18, 1930 at the Roger Sherman-by-the-Sea, Momauguin, East Haven, Conn. Momauguin is a beautiful spot on Long Island Sound and has all facilities for a day of enjoyable recreation.

The morning will be devoted to sports. The dinner will be served at 2:00 P. M., followed by a business meeting at which important matters will be considered.

THE GIST OF IT

"Pith, Punch and No Phrills."—Ed.

The Kansas City Better Business Bureau offers the following general recommendations for retail advertising standards:

"*No Charge for Credit:* The statements 'Buy for Credit at Cash Prices,' 'No Charge for Credit,' etc., mean to the customer just what they say, but advertisers have used them with mental reservations. The statements are not accurate if the prices charged are more than the fair prices of other stores; if discounts from the so-called cash prices are given to actual cash purchasers; if interest or carrying charges are made or if other subterfuges are employed. The accurate practice is to state both the cash and the credit prices.

"*Down Payments:* The phrase, 'No Down Payment,' or any similar phrase is inaccurate in advertising, if there is any charge for delivery; or any charge for credit investigation; or any charge of any nature before the customer can get possession of the goods advertised.

"*Terms:* The phrases, 'Terms to Suit Your Convenience,' 'Your Own Terms,' etc., are absurd and meaningless. Stores cannot conduct business profitably leaving credit terms to the discretion of the customer. It is recommended that such terms shall be explicit."

• • •

Workmen's compensation insurance premium rates in New Jersey increased about thirteen percent on July first, Frank H. Smith, State Commissioner of Banking and Insurance, has reported. The reason ascribed is "the continued upward trend in the elements of compensation cost."

Chicago members of the Illinois Association of Personal Finance Companies have donated more than one thousand dollars in support of the work of the Boy Scouts of America.

• • •

The National Bureau of Economic Research estimates that the total realized income of the people of the continental United States in current dollars has grown from $65,949,000,000 in 1919 to $89,419,000,000 in 1928, an increase of 35.6 percent. The bureau states that national income in 1909 was $29,605,000,000, which indicates an increase of more than three-fold in about twenty years.

The Bureau's report estimates that the average per capita income for all inhabitants amounted to $749 in 1928, making $3,745 for a family of five if the total realized income had been equally divided. The average person working for a money return is reported to have received $1,898 in 1928. Salaries are reported to have risen from an average of $976 in 1909 to $2,084 in 1927, and wages from an average of $527 in 1909 to $1,205 in 1927.

The Bureau of Economic Research estimates that wages in 1928 totaled $32,235,000,000; salaries $17,823,000,000, and the share of entrepreneurs, or persons whose chief occupation is the conduct of an enterprise which they control, including many farmers, small merchants, physicians, lawyers, and real estate agents, $38,296,000,000.

A Northwest department store is endeavoring to reduce delinquencies in open accounts by charging interest when accounts are in arrears more than sixty days, the Department of Commerce reports.

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Some interesting calculations on the percentage sales cost for different unit purchases are disclosed in a recent article in *The New England Grocer and Tradesman* reported by the Department of Commerce. Sales costs for a product selling at two dollars a dozen, and coming in cases of three dozen each, vary with the size of the sales unit from 7.93 to 74.79 percent of total selling price.

The percentages of selling price of a whole case which the various factors of sales cost represent was worked out for various sales units. Constant factors of selling cost, irrespective of sales unit size, included receiving and shipping costs, buying costs, storage, carrying charges, and executive and general overhead. Variable factors which declined with an increase in size of the sales unit were costs of delivery, handling, selling, and billing and pricing.

For full cases sold in one lot the selling cost was calculated as 7.93 percent of the selling price. The selling cost on the same case sold in three lots of one dozen each was 12.53 percent of the selling price on the basis of sales of a full case. Reducing the unit of sales to a half dozen was found to increase the selling cost to 18.19 percent, while selling cost for two at a time was found to be 40.83 percent and for individual units 74.79 percent of total selling price.

Bibliography

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The books, bulletins, pamphlets and reprints and speeches described below are intended to provide a handy reference list for the use of persons desirous of studying the historical, social, economic, legal, financial, and administrative phases of the personal finance business.

Copies may be obtained at the prices indicated from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. The list follows. (Recent additions are indicated by bold-faced type.)

Current References
Periodicals—Press

The following list of references to recent and current publications is not available for purchase from the National Association. They should be obtained directly from the publishers.

"Mass Financing Comes to Aid Mass Production," by Evans Clark, Executive Director, Twentieth Century Fund. Published in New York *Times*, Sunday, April 27.

"Industrial Banks' Operating Problems Shown by Survey," by Dr. Frank Parker, professor of finance, University of Pennsylvania. Published in series by Philadelphia *Inquirer*. Editions of March 20th-April 1.

Books and Brochures

"The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges," by Reginald Herber Smith. 10c per copy.

"The Trend and Progress of the Movement to Improve Small Loan Conditions," by Arthur H. Ham. 10c per copy.

"The Philosophy of the Uniform Small Loan Law," by Walter S. Hilborn. 10c per copy.

"The Need of Adequate Small Loan Legislation," by Walter S. Hilborn. 10c per copy.

"The Development of the Industrial Loan Business," by Hon. A. R. Robinson. 5c per copy.

"The Future of the Small Loan Companies," by Dr. F. W. Ryan. 5c per copy.

"The Personal Loan Business," by Dr. F. W. Ryan. 5c per copy.

"Making Credit Available for All." 10c per copy.

"Usury and Usury Laws," by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets

"Questions and Answers Concerning the Small Loan Business in New Jersey" 15c per copy.

"Constitution and By-Laws," American Association of Personal Finance Companies.

"Code of Ethics," American Association of Personal Finance Companies.

"A Specialized Financial Service." 10c per copy.

"The Industrial Loan Business," by John Dailey.

"The Industrial Loan Companies' Part in the Readjustment," by W. G. Stevens.

"The Advantages of Membership in State and National Industrial Lenders Associations," by E. F. Moore.

"Industrial Lending as a Community Asset." 10c per copy.

"How to Organize a Lenders Exchange Bureau." 10c per copy.

"The Significance of the British Money Lenders Act of 1927," by Dr. F. W. Ryan. 10c per copy.

"The Small Loan Act," by Walter S. Hilborn. 10c per copy.

"Weathering Rainy Days," by Leon Henderson and Rolf Nugent. 10c per copy.

"The Fundamental Rightfulness of the Family Finance Business," by Dr. F. W. Ryan. 10c per copy.

Reports, Digests, Etc.

"The Small Loan Situation in New Jersey in 1929,' by Dr. Willford Isbell King. 25c per copy.

"Financial Aspects of the Small Loan Business in New Jersey," by Pace, Gore & McLaren, certified public accountants. 25c per copy.

Minnesota Interim Committee Report. 10c per copy.

Opinions of Importance. $2.00 per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Report on State-wide Referendum by Citizens' Committee in Wisconsin. 25c per copy.

Report on Typical Small Loans Made to Residents of Milwaukee County. 25c per copy.

Roster of Personal Finance Companies in the United States

The American Association has just completed compilation and publication of a roster of personal finance companies in the United States. This book also carries a roster of state supervising officials and of exchange bureaus. The onl other compilation of this kind at tempted, so far as we know, wa that made by the Indiana In dustrial Lenders Association i 1926. At that time there was total of 1,687 companies. Th present report presents a tota of 3,558 companies of which 3,52 are licensed in states which hav regulatory laws. This book ma be obtained from the America Association of Personal Financ Companies, 712 Tower Building Washington, D. C., postage pre paid, for $1.00.

Year Books

There is an estimated surplu of copies of the Year Books fo 1928 and 1929. Until the suppl is exhausted two copies of th same or of either annual issu will be mailed to the same ad dress upon receipt of one dolla

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Chicago—Charles Turgrimson, Man ager, Exchange Bureau, 8 S. Dear born Street.

IOWA

Des Moines—Ellis S. Levitt, Secre tary, Recorders' Index Bureau, 2n floor Southern Surety Building.

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Lansing—M. C. Hottman, Lansing Lenders Exchange Bureau, 117 W Allegan Street.

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Scranton—R. J. Bishop, Secretary Industrial Lenders Exchange Bu reau, 204 Coal Exchange Bldg.

Wilkes-Barre—E. A. McCune, Secre tary, Exchange Bureau of Persona Finance Companies, 222 Simo Long Bldg., South Main Street.

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PERSONAL FINANCE NEWS

PUBLISHED BY THE AMERICAN ASSOCIATION OF PERSONAL FINANCE COMPANIES

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Vol. XIV, No. 12 June, 1930 $1.00 per Year

THE LIBRARY OF THE
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UNIVERSITY OF ILLINOIS

The Trend of Our Affairs

"GET the thing done," occupies an important place in the American philosophy. It was no small part of the driving force behind American armies in France. It has animated our pioneers and conquered the wilderness. It has built roads, bridges, factories, and created vast commercial enterprises. Much of that amazing accomplishment which has trebled our national income in twenty years may be traced to this homely injunction, "Get the thing done."

But merely getting things done does not always assure due regard for the fitness or the permanence of the achievement. Sometimes, eccentric rhythm is made to disturb the harmonies of progress. Often the pure impulse to achieve ignores the foreseeable circumstances of the future. It furnishes jobs of undoing which normal obsolescence can not explain. It sends some business men to the eye doctor.

★ ★ ★

The personal finance business is just dawning upon the public as a vast new economic structure, grown from small beginnings to half a billion dollars in fifteen years. In magnitude of operation, there has been rapid and substantial growth. But the personal finance business is not a new business. It has existed for centuries wherever some form of money has been the medium of exchange. Let us not miss the point.

The striking new fact is manifest in the emergence, under sanction of law, of this organized personal finance business from the devious and dark ways of outlawed money-lending; and in the vigorous bid this business is making on its own merit for recognized standing in the economic structure of the country. The moral implications of this phenomenon of American business are more significant than its really spectacular record of growth and expansion.

★ ★ ★

In its newly-found public relations, the personal finance business has been undergoing as strenuous an experience as the most precocious of infant industries. It has met the dilemma of conflicting public encouragement and misunderstanding. It has had all the temptation to myopia that business experiences through the pressure of every day operation. It has realized little incentive to reflect; it has not taken much time to scan the future.

But the personal finance business is not a "get rich quick" operation. It is a permanent institution. Its function of aiding to coordinate mass consumption with mass production does not provide a fleeting opportunity to be grasped on the run. Its clientele comprises that numerically large and rising element of the population which makes homes, raises families, and furnishes the labor that creates national wealth. Its business relation is with those indispensables which supply man-power and public opinion.

★ ★ ★

The personal finance business can afford constantly to take its bearings and to chart its course. It need not be driven by the winds of opportunism, the tides of uncertainty. It must look ahead and choose its harbors for the future.

Vision in business always pays the preferred dividends of increased success and satisfaction.

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"Mass Financing"—Today's Consumer Credit Facilities

Expanding Opportunities for Credit Keep Mass Consumption in Harmony With Production, Deeply Affecting Both Trade and Social Welfare

By EVANS CLARK
Executive Director, Twentieth Century Fund

Consumer Finance

MASS production is now a familiar American industrial institution. Mass financing is a newer business development. It comprises the operations of an already vast structure of consumer credit facilities.

Mass financing has given new vigor to mass production. By introducing new elements of our population into the consumer's market, it has moved ahead the domestic saturation points for many lines of merchandise and personal services. It has given the so-called American standard of living more substantial realization by widening the range of those who share in its average advantages.

With millions of people, modern credit facilities have helped to make yesterday's luxuries today's necessities. They have made possible immense conservations of time; they have cast out of American life another great chunk of drudgery; they have given education a wholly new perspective, and made of the world a vast playground for the leisure hour.

The accompanying article by Evans Clark is the first comprehensive survey of mass financing. PERSONAL FINANCE NEWS is able to publish it through courtesy of the *New York Times*.

MASS pro-
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Nine out of ten people one
ets in the street cannot even
ay go to a regular bank and
row money. They have not the collateral of stocks, bonds or real estate which the ordinary bank requires as security that the loan will be repaid. Before the day of mass finance the only way they could tide over a family or business crisis was to ask favors of their friends—if they had any of sufficient economic substance—or pay toll to the old-fashioned money lender at extortionate rates.

Now, however, a total estimated at $2,600,000,000 a year is being advanced in small loans to American wage-earners and people of moderate means who do not possess the usual banking collateral, not to mention the indirect loans on the purchases of goods —instalment credit—which now amount to $4,000,000,000 a year. It is estimated that one family out of every two in the industrial centers of America now obtains a small loan every year, while

the use of credit on the instalment plan is almost universal.

The Basis of Mass Finance

Mass finance is based on the realization that the masses, like business concerns, need credit; and not only that they need it—for that has been known before—but that it is often sound economics for them to have it, for unless the nation's purchasing power is maintained, industry will lag. Mass production depends on mass distribution, and mass distribution depends on the capacity of the masses to buy.

Nor is the need for credit seen merely in terms of economics. The public now begins to see the broader human and social usefulness of financing the working man and woman to get the essential services of life—medical care, education, recreation and other tangible necessities. Today it is admitted, even in the most conventional circles, that the individual in the business of running a family must and should borrow on occasions, just like the manager of any other business, to consolidate his debts, to meet some unexpected emergency, or to finance some improvement that will establish him on firmer financial footing.

It has long been a commonplace of traditional economics that production must be financed through suitable credit facilities; but only in recent years has it been recognized that consumption must also be financed by the extension of reasonable loans. The whole new area of modern business which has grown up as this need is recognized has come to be known as "consumer credit" as distinct from the older forms of "producer credit."

Consumer credit now takes its place as an essential of up-to-date business. Suddenly, with the swiftness of a skyscraper that rises from a hole in the ground to fifty stories of towering efficiency between Spring and Autumn, a great structure of banking for the masses is being reared. But, unlike the skyscraper, the public at large is not yet fully aware of the existence of this financial structure, let alone its implications.

Business in the Billions

Strange as it may seem, this great expansion of mass finance facilities has not been carried out by the banks themselves, but by a fresh crop of organizations of a new order of being,—from nation-wide chain concerns doing business in the millions and mutual associations with thousands of members, to one-man offices doing business in the hundreds. Even if their importance is measured only in terms of capital invested, these new agencies of mass finance equal some of the greatest American industrial groups—of about the same size as the iron and steel and lumber industries and larger than publishing, clothing, paper, baking and tobacco. Put together, the instalment-credit and small-loan concerns represent an investment of about $4,000,000,000—$2,500,000,000 in the former and $1,500,000,000 in the latter.

Ten Loan Groups

Ten groups of agencies now carry on the business of financing the nation's consumers. The first group includes all the firms in the instalment field. The other nine are different kinds of small-loan concerns; they are listed in the following table in the order of the amount of business they do, according to the best estimates possible (which are not much more than guess-work):

Unlicensed lenders	$750,000,0
Pawnbrokers	600,000,0
Personal finance companies	500,000,0
Co-maker loan companies	360,000,0
Commercial banks	150,000,0
Credit unions	62,500,0
Remedial loan societies	60,000,0
Axias	50,000,0
Employers' loan funds	20,000,0
Total	$2,592,500,0

1. INSTALMENT COMPANIES

(Total Credit Advanced Per Year, $4,000,000,000)

These concerns finance reta sales by the purchase of so-calle instalment paper. In othe words, they pay cash to th retailer for the promissory note of his customers in which the guarantee to pay in specifie amounts during a certain perio for goods purchased. The note also give the holder, or the re tailer, the right to take back th goods if the agreed-upon pay ments are not made. Sometime too, these companies finance th retailer in his purchases fro the manufacturer. The insta ment finance company is in effe a small-loan agency; it lend money to purchasers of good and accepts as security for th loan the right to repossess an sell the goods themselves.

Of the $4,000,000,000 credi now being extended throug instalment sales every year th automobile industry account for more than one-half, with total of $2,300,000,000—fou times as great a volume as th next largest industry, household furniture. While the yearly ad vances make a total of $4,066, 000,000, the actual amount o funds used in the process is onl about one-half this sum. Th average amount of instalmen paper outstanding at any on time is $2,201,000,000, which i

n index to the working capital nployed.

Wide Range of Goods

The range of goods on which stalment loans are made in- ude almost every article of bstantial durability—anything hich lasts long enough to be od security for repayment. ianos, phonographs, radio sets, a s h i n g machines, vacuum eaners, sewing m a c h i n e s, oves, refrigerators, jewelry, othing and machinery are the incipal kinds of instalment llateral. It is estimated that tween 1,000 and 1,500 com- nies are now doing this kind business, 850 of which are in e automobile field alone.

Motor Finance Companies

The General Motors Accept- ce Corporation is far and vay the largest instalment ance concern in the United ates. This company, a wholly vned subsidiary of the General otors Corporation, finances rchases of all its various akes of cars both by dealers d their customers. It also ances the purchases of the rious other c o m m o d i t i e s a n u f a c t u r e d by General otors: lighting plants, refrig- ators, &c.

The Commercial Investment ust Corporation is the second gest concern in the field. This mpany also owns subsidiary ncerns in Europe—one in Ger- any, another in France and a ird in Scandinavia—and has operating agreement with the ited Dominions Trust Com- ny of Great Britain. It oper- s its own offices also in Argen- a, Brazil, Cuba and Porto co. In the United States alone has no less than ninety-nine anch offices. It is concerned imarily with the automobile business, but it also finances piano and radio sales.

2. THE UNLICENSED LENDERS

(Total Loans Made Per Year, $750,000,000)

In this group are included all the companies and offices which make cash loans without a license or outside the regulation of any government agency. It includes all the "loan sharks" as well as those concerns which are charging what might be called a reasonable rate in States where no regulating laws exist. Most of the offices in this group take an assignment of wages or a mortgage on the borrower's household goods, or both, as security, although a large number lend money on automobiles and some on the security of a co-maker note.

The unlicensed lenders thrive most, of course, where other small-loan agencies do not exist or are inadequate to the demand. The bulk of the total high-rate business is done in the following States: Alabama, California, Kentucky, Minnesota, New York, Texas and Washington.

Earned wages have come recently to be a favorite form of security demanded by the unlicensed lenders to avoid the usury and small-loan laws which set maximum interest rates on loans. In order to escape the penalties imposed for their violation the lender will go through the form of "purchasing" a part of the borrower's earned salary, so that the transaction may not be classed as a "loan" under the law. This practice is known as "salary buying."

While the business is conducted as much out of the public gaze as possible, a good deal is known about it by those who have fought the loan sharks. Probably 95 per cent of the high-rate loan operations are in the hands of single individuals operating a single office; but even in this field some fairly large concerns owning chain offices have been built up. One of them is said to do a business of $2,500,000 a year.

3. THE PAWNBROKERS

(Total Loans Made Per Year, $600,000,000)

In times gone by the sign of the three balls symbolized the small-loan business. The pawnbroker is the historic small-money lender. While the total volume of loans made by American pawn shops is still large enough to rank second as a group, this business is gradually being eclipsed in the public mind by the much more rapidly growing volume of loans made by the other newer agencies.

The importance of the pawn shop in the small-loan field can hardly be overemphasized. The pawnbroker makes his chief appeal to the smallest borrower, to the man or woman who cannot furnish co-makers or any tangible collateral other than a piece of jewelry or clothing. Also, because the pawn transaction requires less red tape than any other, it is used by a large number of people whose loan needs and whose personal property are more substantial. The pawn shop is the country's great, quick-acting loan institution.

Variety of Pledges

Pawnbrokers are likely to specialize in the class of business they do, from the so-called "bundle shop," where any article of any kind is accepted as a pledge, to the high-class "jewelry shop," which takes only gold, silver and precious stones as collateral. In the former the loans made will average very low—from $10 to

$20; while in some of the latter shops the average loan will be as high as $225. A rough random guess at the average for all classes of shops might be put at $75.

In contrast to the chattel loan field, pawnbroking is still almost entirely a small scale, individually owned business. In the largest cities one or more pawnbroking concerns have grown to considerable size—in a few instances with one or more branches; but practically no corporate development has occurred and there are no concerns known which do a chain business in several cities. Pawnbroking seems to be very much a family affair—often handed down from father to sons.

4. PERSONAL FINANCE

(Total Loans Made Per Year, $500,000,000)

Next in importance, judged by the volume of business done, are the personal finance companies, also known as industrial or licensed lenders, family finance or small-loan companies. In this area of the small-loan field the most spectacular changes are taking place. Fifteen years ago the licensed lending business, as it is now known, did not exist. Today the 3,000 or so licensees operating in it advance a total of loans estimated at $500,000,000 a year. This group of agencies includes those which make loans of $300 or less under the authority of the uniform small-loan law and similar statutes in twenty-five States. Most of this business is done on the security of chattel mortgages, although wage assignments are sometimes taken.

Out of the ranks of smaller operators several enormous concerns have risen doing a chain office business; and now mergers and holding companies weld some of these concerns into even larger operating units. Two personal finance companies alone extend credit to borrowers amounting to more than $100,000,000 a year in loans of $300 or less in 350 cities. It is estimated that the twenty-five big chain companies control about 35 per cent of this class of business.

5. INDUSTRIAL BANKS

(Total Loans Made Per Year, $360,000,000)

These include agencies which combine a small-loan business with the sale of investment certificates which can be bought on instalments. The Morris Plan banks are typical of these concerns. This group of 110 companies alone now do an annual business of close to $200,000,000 a year in 142 offices in thirty-two States and the District of Columbia. Other big industrial bank groups are the National Wimsett, the Citizens and the Trustees Systems. They use "co-maker notes" as collateral—notes endorsed by two or more responsible people. For this reason they are also known as "co-maker loan companies." They lend in amounts up to $5,000.

6. "PERSONAL DEPARTMENTS"

(Total Loans Made Per Year, $40,000,000)

The phenomenal success of these new agencies has been followed by the spectacular entrance of commercial banks into the small-loan field. The National City Bank and about a hundred others have, within the past three years, organized "personal loan departments" to serve credit to those without tangible assets to put up as security for loans. Co-maker notes are taken as collateral. The movement spreading too rapidly to measu with accuracy—statistics are o of date in a week—but it already attracting national atte tion. The National City Ba opened its personal loan depar ment in May, 1928. At the e of last year's business 67,0 loans, totaling $23,000,000, h been made. In addition to th departmentalized business reg lar banks probably make $15 000,000 of small loans as acco modation to favored custome

7. CREDIT UNIONS

(Total Loans Made Per Year $62,500,000)

Credit unions combine a sma loan and savings business, b they operate on a cooperati basis for the benefit of their o members. They are a kind cooperative bank in which me bers pool their savings and o of which pool loans are ma to those who may need the Credit unions began to take ro about twenty years ago. Tod there are more than 1,000 them doing business in thirt two States, with a total membe ship of close to 300,000. T growth of credit unions has be largely due to the legislative a organizing activities of t Credit Union National Exte sion Bureau, established a financed by Edward A. File through the Twentieth Centu Fund. When collateral is r quired by a credit union it usually a co-maker note a shares of the borrower in t organization.

8. REMEDIAL LOAN SOCIETIES

(Total Loans Made Per Year $60,000,000)

In this group are includ those agencies, originally orga ized on a semi-philanthro

basis, which do a limited-dividend, small-loan business. They differ in the collateral required. Most of them use pledges or chattel mortgages, or both, while some do a co-maker note business. Among them is the largest single unit loan institution in the world, the Provident Loan Society, which now does a $41,000,000 a year business in New York City. There are twenty-seven of these organizations located in twenty-five cities.

9. AXIAS

(Total Loans Made Per Year, $50,000,000)

These are unlicensed, voluntary savings and loan bodies—most frequently found among foreign language groups in big cities. Endorsed notes and shares are used as security for loans made.

10. EMPLOYERS' PLANS

(Total Loans Made Per Year, $20,000,000)

This group includes those loan organizations, more or less formal, which have been set up or encouraged by employers to accommodate their employes.

The Consumer and His Credit

Out of the experience of all these operators one fact emerges more surprising and more important perhaps than any other. The common, average American workingman seems to be as good credit risk as the man of property. The mass finance companies—dealing with people who usually have no tangible security other than the furnishings of their flats and tenements, and who never saw the inside of a bank—have as small a ratio of losses to their total business as the average bank, which does business only with those whose assets are worth as much, if not more, than the credit they receive. Almost all the agencies of mass credit show losses of less than 1 per cent of their loans.

This demonstration of the economic stability of the average man will some day be seen as one of the world's great discoveries. Already it has gone far to knit productive prosperity into the entire fabric of our economic life. It is interesting to speculate on what America would be like today without the automobile industry alone, the growth of which has largely rested on the credit of the average man, and of its subsidiary train of businesses: oil, rubber, steel, road construction, garage and service stations and road houses.

Borrowers' Experience

With the whole machinery of modern business set to stimulate sales, however, there is a strong tendency to overload the consumer with credit. Yet the extremely low losses of mass finance agencies would seem to indicate that in the great majority of cases the average man has strengthened his economic position by the use of them.

If 99 per cent of those who borrow pay their debts it may be assumed that most of them are better off for having borrowed—although the large proportion of loans made to pay off other debts and loans (about 40 per cent of the total loan volume) injects a serious doubt of the soundness of the original credit.

Another qualification also may be noted. The honesty of the average man, as revealed by the small percentage of losses, is not always purely spontaneous. One of the chief items in the cost of doing a small-loan business is the expense of following up delinquent accounts. Borrowers are often literally hounded into paying their debts by the attentions of high-pressure collectors who "play up" the possibility of foreclosures and wage attachments—which as a matter of fact are seldom resorted to.

Rates charged to borrowers for instalment and small-loan credit are almost invariably much higher than rates charged by banks for secured commercial loans—largely because the costs of doing this kind of business are greater. Instalment charges average about 25 per cent per year and are often much higher. Legal small-loan charges vary from the lowest credit union rate of 6 per cent per year to the highest pawnshop rate of 120 per cent per year. Illegal charges average 240 per cent a year and often reach 1,000 per cent and more.

The credit union system of combining savings with small loans on a cooperative basis is the most economical yet devised. Not only can the credit union make small loans at the lowest rates, but the credit union borrower makes a profit from his own loan through his share in the credit union dividends. In addition the credit union member may deposit his savings in its care and receive interest on them at rates higher than those most savings banks pay.

Cost of Service

Operating costs vary greatly between the various kinds of small loan agencies—depending largely on the kind of security required and the amount of effort needed to investigate and dun the borrower.

The following are the charges made to the borrower for loans by these various agencies. The figures in the second column give the rates in terms of annual percentages. The gross income

which the companies actually receive from borrowers, however, is somewhat less because of overdue payments, delay in relending funds, &c.

	Usual Basis of Charges Per cent.	Rate Per Yr. Per cent.
Credit unions	1 per mo.	6-18
Personal loan depts.	6-8 discount	9-25
Remedial loan societies	Various	12-30
Axias	Various	18-30
Industrial banks	8-10 discount	19-35
Personal finance cos.	2½-3½ per mo.	30-42
Pawn shops	Various	30-120
Unlicensed lenders	Various	240-1000

Business Outruns Knowledge

No better illustration could be found of the tendency of our civilization to outrun our knowledge of it than mass finance. It is astonishing that a business that is now as large as some of the leading industries of the country could have grown up without any general public knowledge of its size—and in many quarters even of its existence. More incredible yet is the fact that no comprehensive study of it has ever been published.

As might be expected from the general ignorance of the agencies of mass finance, no clearly defined public policy has been developed toward them as a whole. It varies, as between groups and States, all the way from complete laissez faire to a modified form of supervision and regulation.

Legal Status

Personal finance companies in twenty-five States and credit unions in thirty-two States operate under clearly defined regulating laws. These set the maximum rates which can be charged on small loans at a higher level than on ordinary banks, provide for licensing by State authorities and for a certain amount of financial and operating accounting concerning them. Industrial banks, like the Morris Plan companies, operate under specific enabling legislation in twenty-two States. In several others they operate without any specific legal sanction. Excepting Maine, and then only in the case of mutual savings banks, personal loan departments of banks are operated without any special enabling or regulating act, but presumably under the State banking laws.

Regulation of Pawnshops

Pawnshops are operated under the widest variety of statutes, mostly providing for regulation by municipal authorities —designed largely for purposes of police check-up of stolen goods. None of the pawnshop laws, however, allow the same sort of financial and operating accounting to State or city agencies which are authorized by the credit union and small loan laws. Remedial loan societies are usually operated under special acts of State Legislatures, which fix maximum charges to borrowers, but seldom provide for public accounting either under their provisions or under uniform small loan laws. Axias, employers' funds, and the whole range of loan sharks and unlicensed lenders operate either in States without laws or without the law in States with laws.

Instalment Companies

Instalment finance companies also operate almost entirely without regulating legislation, although in New York State some are required to make financial reports to the Bank Commissioner. No attempt whatever, however, has been made to regulate rates charged to buyers for the instalment credit advanced.

Personal Finance Makes Good in Emergency

PERSONAL finance established itself in Chicago during the recent financial emergency occasioned by the shortage of funds for city and county payrolls.

The value of the services extended to municipal and county employees by licensed personal finance companies during the emergency period was highly commended in public statements issued by Arthur V. Newton, vice president of the First National Bank of Chicago, R. B. Umberger, vice president of the Personal Loan and Savings Bank, and C. W. Judd, executive secretary of the Chicago Association of Commerce.

"Chicago has been fortunate in having these authorized agencies equipped to make and collect small loans to meet family emergencies," said Mr. Newton. "The charges necessary to care for small installment payments are as reasonable in this business as in any other retail distribution. Commercial banks are not equipped to make these small loans on chattel security, but, if they were, they would not do so at more reasonable rate."

"The Chicago Association of Commerce assisted in the passage of the Illinois Small Loan Law," said Mr. Judd. "For many years the larger loan companies have been active members of the association. They always respond to every civic duty, and I am sure that they have been invaluable in this emergency."

"This civic emergency," said Mr. Umberger, "simply illustrates a situation which, without being called to public attention repeatedly, confronts more than three-fourths of the families of America who cannot obtain credit at the commercial banks."

Classifying Small Loans—Some Further Considerations

Russell Sage Foundation Suggests Further Studies of Borrower's Position in Making Personal Loans

By MARGARET H. HOGG

Department of Statistics, Russell Sage Foundation

DR. FRANKLIN W. RYAN discussed in your March issue a very important spect of small loan borrowing. Having had occasion to attempt o draw social conclusions from mall loan data, I should like to upport very heartily his main ontentions.

After working carefully over he attempts so far made at ana-zing the circumstances of bor-owing, I feel, as he does, that the acts concerning debts already ncurred, and whether the loan ill replace or augment them, are erhaps the most important facts be ascertained. They are mong the most important from social point of view; they are urely also important to the len-er, first immediately, since they bviously affect the likelihood of rompt repayment, and second ndirectly, since they may be expected to affect the public attitude. In fact, they seem to me more essential from either point of view than simple queries concerning reason and purpose of loan, which, as Dr. Ryan points out, have in the past been only partially successful. Later on I should like to suggest that a new slant on this latter subject of reason for borrowing would produce information which would be not only more valuable socially but also less troublesome to record, and moreover of real value to the lender.

Modified Classification

In my opinion, some modification of Dr. Ryan's classification by situation as regards indebtedness is desirable. He mentions (page 15) the fact that some loans partake of the nature of more than one of his (indebtedness) classes, but proposes to classify each loan according to that which is most important in its case. I think it would be more consistent with the wise policy which he has so admirably advocated, that of seeking and publishing information on small loans, to classify separately these cases of complex situations regarding indebtedness. It is very important to the personal finance companies to dispel the apprehensions of a poorly informed and often skeptical public. If the public is to gain information, initiative in providing it has to come from the lenders, and they have much to gain by representing as clearly as possible the more pertinent facts about borrowers.

Now, as long as loans representing some increase in indebt-

edness are combined in one group with those which are pure consolidations, any skeptical member of the public may believe not only that those representing an increase form an overwhelming majority of the group but also that the increase of indebtedness is generally very considerable. This may be far from the case; it will surely be better, even at the cost of extra trouble, to rout such suspicions by facts. Often the borrower wants proportionately little additional cash to carry on with, and the slight increase in indebtedness is more than counterbalanced by the setting up of an orderly plan of liquidation, but let us have definite information as to *how frequent* such cases are.

Analyzing Loans

Analysis of loans as follows seems to me desirable. It would include all the elements of indebtedness, and all the facts required are such as the lender may reasonably ask for for his own protection. The most significant conclusion from the information will be the proportion of the loan which is intended for *projected* expenditure, that is, the proportion of the loan which is increase of indebtedness, or the proportion which item *3b* is of item 1.

1. Amount of loan $....
2. Of loan, balance paid direct by lender to creditors $....
   (a) this company $....
   (b) other loan company $....
   (c) instalment company $....
   (d) other $....
3. Of loan, amount received by borrower in cash $....
   Of amount received in cash
   (a) amount to defray debts already due $....
   (b) amount to finance projected expenditure $....
4. Present indebtedness which will *not* be wiped out by the loan amounts to $....
   (excluding present loan or loan hereby renewed, and excluding mortgage on property).

Next, is not Dr. Ryan unnecessarily modest on behalf of the loan office manager as regards analysis of the loan situation? I am persuaded that when aiming at getting facts of as great social value as possible, we should at the same time be obtaining facts which are of particular interest to the lender. The fundamental situation which lies behind the classification by purpose and reason used by Dr. Robinson is one with which the lender is directly concerned, as will be seen if the situation is presented in the following modified form. All applicants can be considered as in a condition of needing temporarily more money than is available. Unless the lender is satisfied that the applicant can rise out of that condition, he will naturally not lend; for if the condition were chronic, debts would be likely to heap up rather than be repaid. Now if the present condition is capable of improvement, it must have resulted from one or more of the following causes:

(a) temporary increase in the borrower's expenditure
(b) temporary decrease in the borrower's income
(c) poor system shown by the borrower's expenditure, such that even with the same income and the same needs, systematic budgeting would produce a favorable balance with which the debt could be repaid.

Valuable Facts

Analysis of loans according to the presence of these three factors should be both socially invaluable and revealing to the lender himself. Additional value would, of course, attach to supplementary information as to the cause of income reduction (such as illness, accident, unemployment, industrial dispute, wage reduction, slow collections, etc.), and of increased expenditure (such as illness, accident, death birth, helping friend or relative repairs, moving, purchase o equipment, vacation, taxes, etc.) but the three heads, a, b and c are the most fundamental fact and would be of great value b themselves. They give the basi reason for borrowing, whereas inquiring simply for reason an purpose may draw a *great va riety of replies respecting iden tical situations,* many replies be ing non-informative. I suggest therefore, a fifth question as fo lows:

5. (a) Has a temporary increase occurred in the borrower's expenditure —— ——
   Yes or No
   If so, for what cause.....
   (b) Has a temporary decrease occurred in the borrower's income —— ——
   Yes or No
   If so, for what cause.....
   (c) Has the borrower shown poor system in his expenditure, so that systematic budgeting will produce a balance applicable to repayment of the loan —— ——
   Yes or No

Summary

Summing up, I should advo cate, as most important of al the recording of facts on indeb edness as suggested in my fourt paragraph, heads 1 to 4, and a second in importance a classif cation by reason of borrowing a in heading 5. Heads 2, 3 and 5 together yield the purpose of th loan, whether very generally o more explicitly if details ar given. Plain requests for reaso and purpose of loan have in th past been unsatisfactory in thei outcome, and must, I think, a ways be so, as they do not indi cate the possibilities.

Finally, may I congratulat Dr. Ryan, and also the *Personal Finance News,* on raising suc interesting questions. We sha hope for valuable results.

Education As Factor In Personal Finance Management

Don't Depend Too Much On Your Talents; Develop Your Native Capacities

By M. JAMES STEVENS
Senior Instructor
INDUSTRIAL LENDERS TECHNICAL INSTITUTE

WE clipped the following little paragraph one time from "The Kansas Banker":

ARE SUCCESSFUL MEN BORN OR MADE?"

"Born with mind but not with wisdom; born with intellect but not with knowledge; born with power to discern, but not born to discretion and sound judgment; born with adaptabilities but not with abilities; born, it may be, with wealth, but not born to success. Wisdom, knowledge, discretion, judgment, ability, character —these are attainments, not bestowments or inheritances."

The thought here emphasizes ard work, education, experi- nce as the factors which ontribute most to success in usiness. Men differ in their ca- acities as they do in their na- ve talents. However, save only n the instances of genius, it is nrough the development of ca- acity more than in reliance up- n talents that the most conspic- ous successes are recorded in usiness.

It is not sufficient to be nformed; we must put our in- ormation to work. It is not ufficient to have healthy normal feelings; we must express them through action. This ability to do things, to translate knowledge into the acts of management whereby business proceeds to success, is a highly complex process. To break it down into its psychological components is sometimes more confusing than helpful. It seems better to point out merely some of the outstanding factors in the process.

Know the Business

At the bottom of all success in the personal finance business—or any other business—lies the necessity for information, facts, knowledge. To be qualified in this particular alone is a comprehensive project. Elementary knowledge opens the way to more profound knowledge; then later there is the continuing obligation to keep abreast of developments in your field. Successful business executives often return to school. To know the facts about your business is no small or casual task. At the same time it is a vital need.

However, knowledge in itself cannot make the successful personal finance operator. Have we not seen the man of encyclopedic knowledge who finds it impossible to put his vast storehouse of information to work? Perhaps he lacks the power of selection; perhaps his judgment is bad; perhaps he lacks discretion, tact. It is only when these more intangible and unmeasureable human faculties are teamed up with knowledge that we find the successful man.

Some Intangible Factors

To proceed on the theory that any one qualified in point of knowledge can become a successful personal finance operator would be merely to deceive ourselves. The business requires, as does every other form of human activity, some natural aptitudes, some capacities for human understanding and a vast amount of acquired technique, which may be obtained only through study and practical experience.

Let us return to the first requirement of success in the personal finance business—the matter of information and knowledge. Unless we are qualified here, all the natural talent for the business will avail only a short measure of success.

An Educational Outline

The business of a personal finance company is to extend credit in exchange for cash. The managerial factors involved come into play in the direction or control of the various factors in the loan office which combine to return a profit on the transaction. An educational outline of the factual information necessary in the operation of a small loan office would include the following:

1. Credit
   (a) investigation
   (b) collection
2. Management
   (a) salesmanship
   (b) advertising
   (c) bookkeeping
   (d) law

This appears a very simple outline but just think for a moment of the scope of each item. Take credit alone. First you must determine what facts you want, then how to get them, when to get them and from whom to get them. Even after you have secured them, it is necessary to practice intelligent selection and finally to determine how you should use them in the transaction of the business.

Details Important

It is in the details of business knowledge and business practice that we notice most loan men are weak. They are not always willing to dig deep enough. Most of us aspire to knowledge but few of us have the gumption to stick through thick and thin until all of the details are ascertained.

Personal finance information can be obtained from two sources—experience and study of the printed word. The following outline suggests some of the educational sources which may be classifed under these two main heads:

1. Experience
   (a) actual work
   (b) discussion with those who have done work
2. Study
   (a) written experience in form of "News" or "Year Book"
   (b) books
   (c) attendance school
   (d) correspondence school

Experience and Study

Neither experience nor study alone is sufficient to assure success in modern business. Competent knowledge can be acquired only by a combination of both. Many of us like to think that due to our long experience in certain lines, no one under the sun can come along and tell us anything new about it. But Walter Dill Scott, President of the Northwestern University, has stated in his book, "Increasing Personal Efficiency in Business," that "the non-professional man engaged in commerce and industry finds the modern world to be so complex that *mere practical experience is no longer adequate* to enable him to meet the demands made upon him. To the extent to which men neglect the theoretical do they lower themselves and class themselves with mere machines and so hasten the day when they shall be discarded. Whether we be apprentices or experts, employees or employers, we are all in a similar condition. In every case advance is dependent upon the proper utilization of practical and theoretical experience —upon the practical experience which is adequately interpreted."

All of which means that w must be currently informed an that the best means to accom plish this is to combine stud with practical work.

Training Facilities

Let's see how anyone workin in a small loan office could ge the kind of training that D Scott suggests is most valuab Personal Finance News and th "Year Book," of course, com out regularly and are valuabl sources for current informatio

Books in a public library, o the other hand, cover man phases and are of great hel Every loan man should study hi library and browse around in at least occasionally, picking u a book here and there that fi in with his type of work or pa ticular problems at the tim There is one very importan item to bear in mind when rea ing books and that is the matte of their application. No boo you ever read will specificall tell you how to grant a loan o how to manage a loan offic Most of the material containe in books is only suggestive, an it is up to you to think abou these suggestions in terms o your particular office. Adapt th ideas to your needs.

Attendance school in the for of night school, university e tension, National Institute Credit Chapters, American I stitute of Banking Chapters, a all very valuable and interestin courses to take. Many course given in cities all over th United States cover Credit an Collection and in the large cities many more deal with fea tures of management. The the Industrial Lenders Technic Institute, 2 Lafayette Stree New York City, conducts i correspondence course in scie

(*Continued on page* 24)

Membership Campaign Needs Special Effort to Go Over Top

L. K. OSBORNE
Chairman, Membership Committee in Ohio

Hopson Urges Three Months Pre-Convention Drive to Achieve the Membership Goal

By H. G. HOPSON
National Chairman, Membership Committee

THE expression "Stephen Girard Work" is common in Philadelphia. Legend has it that a laborer in Girard's employ came to this financier of the American revolutionary period to report that he had finished all the jobs assigned to him. Girard had no particular thing that he wanted this man to do next but he was a firm believer in the theory that one should keep busy. So he said to his employee, "See that pile of bricks over there? Well, I want you to move them to the other side of the yard."

The man complied and when he had finished reported back to Girard for further instructions, whereupon Girard promptly ordered him to move them back where he originally found them. And so for the remainder of the day Girard's man did things and then promptly undid them.

Osborne Leads

Writing this month's membership story has all the ear-marks of "Stephen Girard Work." This is the third effort. The first draft was out of date almost before the ink was dry. Some enterprising State Membership Chairman sent in a lot of new applications that knocked the story topsy-turvy. Likewise with the second draft. I won't even guarantee this third one to be correct to the very last application received, but the line had to be drawn some place.

We are at this moment breathless from witnessing a race for first place. Blandford of Massachusetts who held the position last month maintained his lead up until the last moment. Caesar of Connecticut ran second with one less member and Osborne of Ohio ran a close third with still one less. Then at the last moment Mr. Osborne of Ohio, feeling, we are sure, that it was high time we used his picture, sent in three applications from recently opened Ohio offices and skidded to first place by the very skin of his teeth. If this had been a horse race, it could be said that Mr. Osborne won by the fuzz on the end of his horse's nose. He registers 16 applications to date.

Blandford of Massachusetts holds second place with 15 and Caesar of Connecticut is third with 14 applications. Pennsylvania, for which "Bill" Young is responsible, used the whip last

NEW MEMBERS

IDEAL FINANCING ASSN., INC., 347 Main Street, Middletown, Conn.

IDEAL FINANCING ASSN., INC., 341 State Street, New Haven, Conn.

IDEAL FINANCING ASSN., INC., 17 So. Third Street, Easton, Pa.

IDEAL FINANCING ASSN., INC., 657 Main Street, Waltham, Mass.

IDEAL FINANCING ASSN., INC., 7 Park Street, Attleboro, Mass.

IDEAL FINANCING ASSN., INC., 178 South First Street, Lehighton, Pa.

IDEAL FINANCING ASSN., INC., 1 Bull Street, Newport, R. I.

IDEAL FINANCING ASSN., INC., Second & Oak Streets, Mount Carmel, Pa.

IDEAL FINANCING ASSN., INC., 57 East Main Street, Nanticoke, Pa.

IDEAL FINANCING ASSN., INC., Broad & Center Streets, Tamaqua, Pa.

IDEAL FINANCING ASSN., INC., 6 Pleasant Street, Malden, Mass.

IDEAL FINANCING ASSN., INC., 24 Union Avenue, Framingham, Mass.

IDEAL FINANCING ASSN., INC., 115 West Lockhart Street, Sayre, Pa.

IDEAL FINANCING ASSN., INC., 20 Main Street, Plymouth, Pa.

IDEAL FINANCING ASSN., INC., 9 North Center Street, Pottsville, Pa.

IDEAL FINANCING ASSN., INC., 681 Washington Street, Norwood, Mass.

IDEAL FINANCING ASSN., INC., Pleasant & Parker Streets, Gardner, Mass.

IDEAL FINANCING ASSN., INC., 415 Main Street, Athol, Mass.

PUBLIC LOAN ASSN., 203½ West Main Street, Cherokee, Iowa.

HOME LOAN COMPANY, 528 Davidson Building, Sioux City, Iowa.

IDEAL FINANCING ASSN., INC., 256 Westminster Street, Providence, R. I.

IDEAL FINANCING ASSN., INC., 2 Washington Street, Quincy, Mass.

METRO LOAN COMPANY, INC., 137 Marion Street, Oak Park, Ill.

EQUITABLE LOAN CORP., 310 Boone Natl. Bk. Bldg., Boone, Iowa.

EQUITABLE LOAN CORP., 215 Iowa Building, Des Moines, Iowa.

EQUITABLE IND. LOAN CORP., Over Bigelow's, Newton, Iowa.

EQUITABLE IND. LOAN CORP., 307-8-9 First Natl. Bk. Bldg., Waterloo, Iowa.

PEORIA LOAN SERVICE, 210 Seventh Street, Peoria, Ill.

PAR LOAN & FINANCE CO., 114½ Main Street, Marshalltown, Iowa.

METRO LOAN COMPANY, 347 Court Street, Pekin, Ill.

IDEAL FINANCING ASSN., INC., 179 Main Street, Pawtucket, R. I.

IDEAL FINANCING ASSN., INC., 194 Main Street, Woonsocket, R. I.

METRO LOAN COMPANY, 4013 Milwaukee Avenue, Chicago, Illinois.

COMMUNITY LOAN COMPANY, 209 Wisconsin Ave., Milwaukee, Wis.

IND. LOAN ASSN., INC., 76 State Street, New London, Conn.

PERSONAL FINANCE CO., 1400 Hayden Avenue, Cleveland, Ohio.

PERSONAL FINANCE COMPANY, 5350 Broadway, Cleveland, Ohio.

METRO LOAN COMPANY, 6306 Cottage Grove Ave., Chicago, Ill.

FIRST FINANCE CO. OF IOWA, Equitable Building, Des Moines, Iowa.

COMMONWEALTH FINANCE CORP., 507 Main Street, Worcester, Mass.

APPLICATIONS PENDING

HOUSEHOLD FINANCE CORPORATION, N. W. Cor. 3rd & Belle Sts., 706-07-07½ First Nat'l Bank Bldg., Alton, Illinois.

HOUSEHOLD FINANCE CORPORATION, Fox St. & South Broadway, 450-1-2 Mercantile Bldg., Aurora, Illinois.

HOUSEHOLD FINANCE CORPORATION, N. E. Cor. Main & Jefferson Sts., 329-30-31 Durley Bldg., Bloomington, Illinois.

HOUSEHOLD FINANCE CORPORATION, S. W. Cor. 111th & Michigan, 11100-11106 Mich. Ave. Bldg., Chicago, Illinois.

HOUSEHOLD FINANCE CORPORATION, 250 Main Street, 312-14 Hill Arcade Bldg., Galesburg, Illinois.

HOUSEHOLD FINANCE CORPORATION, 212 Phœnix Bldg., S. W. Cor. Washington St. & Center Avenue, Bay City, Michigan.

PARAGON PERSONAL FINANCE CORP., 3636 North Broad Street, Philadelphia, Pennsylvania.

HOUSEHOLD FINANCE CORPORATION, 9992 Gratiot Avenue, Detroit, Michigan.

HOUSEHOLD FINANCE CORPORATION, S. Saginaw & Kearsley St., 418-22 Kresge Bldg., Flint, Michigan.

HOUSEHOLD FINANCE CORPORATION, Campau Square, 422-4-6 Grand Rapids Nat'l Bank Bldg., Grand Rapids, Michigan.

CREDIT SERVICE, INC., of New Kensington, Pennsylvania, 15th Floor Court Square Building, Calvert and Lexington Streets, Baltimore, Maryland.

PERSONAL FINANCE COMPANY, 305 Bondi Building Galesburg, Illinois.

GUARDIAN TRUST AND LOAN CORPORATION OF BRISTOL 81 Main Street, Bristol Connecticut.

COMMUNITY FINANCE SERVICE, INC., 416 Stambaugh Building, Youngstown Ohio.

COMMUNITY FINANCE SERVICE, INC., 212 Broadway Building, Lorain, Ohio.

COMMUNITY FINANCE SERVICE, INC., 817 Renker Building, Canton, Ohio.

More Next Month!

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month and romped home with 8 applications thereby annexing fourth place. Mr. Young has a habit of starting easy and finishing "fast and furious" and we expect big things of Pennsylvania during the next few months.

Iowa last month manifested the fine results of super-oratory. "Tate" Harrison (Ed. Note: There's a prize offered for anyone in the Association who doesn't know "Tate") talked membership to the delegates of the Iowa Association and within an hour jumped from an "also ran" to tie with Bennett Baldy of Oregon-Washington for sixth place. Before he left the meeting seven companies had signed on the dotted line.

Summarizing the results to date we find that Ohio, Massachusetts, Connecticut, Pennsylvania, Rhode Island, Iowa and Oregon-Washington show the best results. It has been running that way for several months and it puts us in a rather perplexing position. It has been our custom to run the picture of the high man. Caesar, Blandford and Osborne have beamed

upon you. By virtue of our custom they should beam upon you again if they continue to pass first place back and forth between themselves.

But, darn it, we have a lot of other handsome gentlemen whose pictures we would like to run. Won't somebody please get busy and put Osborne, Blandford, and Caesar in the shade?

Lend A Helping Hand

Won't you fellows in Pennsylvania give Bill Young a big heave upward this month, or won't you Iowa people invite Tate Harrison to make another membership speech?

As the time draws near for us to render a final report on membership to the 16th Annual Convention in Washington next September, we take full cognizance of the part of the job yet to be done. It is no small part, despite the fact that our progress to date has been extremely pleasing. It means that if we are to go over the top—as we are determined to do—there must be sustained membership activity on the part of every man in the Association. We know that you will not let us down. We know that you will increase your personal activity in contacting non-members and getting them into the Association. We wonder, sometimes, if you as an individual realize the full importance of larger membership. Let us look at this problem for a minute. Why can't we be satisfied with our present line membership roster? Well, frankly, because our present membership roster does not represent enough assessable outstanding loan balance to completely finance the important—the absolutely necessary—work the association has at hand and in the future. What then is this necessary work that requires this additional revenue? It is the work of bettering, of perpetuating the business in which you and I are engaged. It is the work of keeping pace with progress, of raising the *whole* business of personal finance to the increasingly higher plane on which it so rightfully belongs. It is, in short, the work of maintaining, nay, of broadening your future, of assuring your prosperity. What more important work could possibly be done?

Come Through

So you see, good friends, our appeal to you is not selfish. It is not because we want to brag about how many new members were acquired. We appeal to you to get new members because it is necessary to the complete functioning of *your* Association, because it is necessary to *your* complete protection and betterment. If there is any selfishness in the appeal it is decidedly in your favor.

We set our goal at $135,000,000 in assessable loan balance. We have yet about $21,000,000 to get and we have until the middle of September next to get it. An average of $7,000,000 a month will turn the trick. It can be done but it means that every last one of you must put your shoulder to the wheel. Your Association is relying upon you to help do this job and we know you will come through.

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H. L. Grigsby, state superintendent of Banking in Tennessee, has resigned and has been succeeded by H. R. Robertson of Memphis.

More Defenses Against Fraudulent Securities

AMONG the measures formulated at the meeting of the National Conference on Prevention of Fraudulent Transactions in Securities held at the Chamber of Commerce of the United States on May 22d and 23d were the proposed expansion of the facilities of the Post Office Department for detecting and preventing fraud through closer supervision of the mails, facilitating the exchange of information among fraud-detecting agencies, prompt reporting by the public of stock swindles and development of the work now carried on by better business bureaus and chambers of commerce.

R. C. Clark, President of the National Association of Securities Commissioners and Commissioner of Banking and Insurance of the State of Vermont, outlined the problems before the conference as follows:

"First—*Exact and complete information* concerning every phase of the issuer's business. This includes comprehensive and detailed reports of audits by certified public accountants, designed not primarily to set forth the favorable aspects alone, but rather to give the whole picture. Earnings statements should be very complete, giving every major source of income.

"Asset items should be supported by appraisals made by unbiased and capable parties and conforming to fully standardized scales of values. Reports of the engineering staff of the underwriting house may be of great value, for it is their business to analyze the situation with great care.

"There seems to be a reluctance on the part of issuers to

(*Continued on page* 18)

Legal Decisions of Interest

California Court Considers Contingent Charges to Borrower in Ruling on Usury

THE Appellate Department of the Superior Court of Los Angeles County, California, in *Connor vs. Minier*, on March 15, 1930, ruled that the charge of usury cannot be evaded by the use of certain contingent devices in a loan transaction which impose charges upon the borrower producing a total loan cost in excess of the legal rate.

Facts Involved

The case in question involved a suit by the assignee of the payee upon a promissory note for $300. The borrower sought to obtain a loan of $300. He executed one note for that amount for one year with interest at 6 per cent per annum. This represented the loan itself. He executed an additional note without interest to maturity for $300, which purported to be the purchase price of a so-called investment certificate for which he agreed to pay in 40 weekly installments. The investment certificate was hypothecated as security for the loan. The payee incurred a charge of $1.50 for a financial report, but no other expenses in connection with the transaction were proved to have been incurred. $270 was paid over to the borrower. The defense of usury was raised when suit was brought upon one of the notes. Upon appeal, the Appellate Department of the Superior Court in the County of Los Angeles held it a good defense upon the following grounds:

Legal Reasoning

1. The charge of usury cannot be evaded by the device of two separate notes and the so-called investment certificate, since all the various papers were, in fact, part of a single loan transaction and must be considered together in order to determine whether the loan was usurious;

2. Viewed as a single transaction it appears that the borrower had to pay $28.50 for the use of $270 for 40 weeks, while the legal maximum rate for that period at 12 per cent per annum would be $25.05.

The court arrived at the conclusion that $28.50 was exacted as interest because only $1.50 represented a proved expense actually incurred. The attempt was made to void this conclusion on the ground that of the $30 deducted $18 represented interest at 6 per cent per annum, deducted in advance, and $12 represented a charge for expenses authorized by the Industrial Loan Company's Act. But the court ruled against this contention on the ground that the act could not affect the question of usury because the general usury law adopted by a referendum of the people superseded and was superior to the Industrial Loan Company's Act, which was merely a legislative enactment. The court further stated (but seemingly only as a dictum) that the statute in question did not authorize such a deduction when the expenses were not actually incurred.

Attention is called to the fact that this case was decided by an intermediate appellate court and not by a court of last resort. Accordingly, it cannot be regarded as a final determination of the California law upon the subject.

Salary Buying Provision Held Unconstitutional

IN AN action to enforce an alleged wage assignment under the Missouri Uniform Small Loan Law (*B. W. Sherrill*, doing business as Union Trading Company, *vs. Atlas Printing Company*) Circuit Judge Rutledge of St. Louis, on March 20, 1930 ruled that the salary-buying clause of the Missouri Small Loan Law was not properly described in the subject of the law and for that reason was unconstitutional under a Missouri constitutional provision which provides that the subject or title of a statute must clearly describe all of the provisions of that statute.

"The decision, in no sense, is final or conclusive," states the St. Louis Better Business Bureau "and in no way rules definitely on the point as to whether or no

salary buying can be included under the provisions of the Small Loan Law.

"The case of *Sherrill vs. Atlas Printing Company* has some peculiar aspects. (1) It is not a true salary buyer case in that its interest rate is only 25 per cent of that usually charged by Mr. Sherrill in his operations as Manager of the Union Trading Company. (2) It is not one of a series of transactions, and (3) it does not divide the pay check of the borrower. It has apparently a set of facts most favorable to such a decision as might be desired by a salary buyer operator, but it offers no discouragement to those persons who are acquainted with the law and the decisions relative to usury."

Violation of Uniform Law Renders Loan Notes Void

THE Supreme Court of New Jersey ruled on May 21 that certain type of promissory note ssued by the Morris Plan Cor- oration of New Jersey is void ecause it was drawn up in vio- ation of the New Jersey pam- hlet laws and was contrary to the spirit and letter of the Stat- te."

The decision, handed down by ustices Black and Case, reversed ruling of Judge William V. Raf- erty of East Orange District ourt, who had rendered a judg- ient in favor of the company gainst the endorser of a note.

The portion of the promissory ote in question whch was said violate the pamphlet laws of 914 read as follows:

"The undersigned, indorsers and guarantors, hereby authorize irrevocably any attorney-at-law to appear in any court of record in the United States and waive the issue and service of process and confess a judgment against the undersigned . . . in favor of the holder hereof, for such amount as may appear to be unpaid after maturity, together with costs and reasonable attorney's fees, and release all errors and waive all right of appeal."

Massachusetts Supreme Court Decides Notes Violation of Small Loan Law Are Void

THE Massachusetts Supreme Court has decided on an appeal in equity from a decision of the superior court that notes made in violation of the small loan law of the state are void, notwithstanding that the holder purchased them at a fair price, and that he was ignorant of the circumstances under which a prior holder had purchased the notes, or the price paid for them. Significant excerpts from the opinion follow:

"Carroll, J.: This is an appeal by the defendant Glickman from a final decree ordering the cancellation of certain notes, executed by the plaintiffs, for money loaned in violation of the small loans act, G. L. c. 140, section 96, and declaring that the notes were wholly void.

"It was found by the master that Glickman was a holder in due course; that he purchased the notes in question for $700, which was a fair price, and that he was ignorant of 'the circumstances' under which the Realty Investment Company purchased the notes or the price which it paid for them.

Law and Facts

"C. L. c. 140, section 96, prohibits one from engaging in the business of making loans for $300 or less, if the amount to be paid on any such loan for interest and expenses is in excess of 12 per cent per annum, without first obtaining a license. By section 103 any loan upon which a greater rate of interest is charged than is allowed by sections 96-111, inclusive, may be declared void in equity upon petition by the person to whom the loan is made. By section 106 the unlawful interest may be recovered; and section 110 enacts that any loan made or note purchased or endorsement or guarantee furnished by an unlicensed person in violation of the statute shall be void.

"The Realty Investment Company during the year 1928 was engaged in the business of making and buying loans of $300 or less, charging interest exceeding 12 per cent per annum, without a license. The defendant Bornstein was the president and treasurer of the company. In 1928 the plaintiff Wall made on four occasions promissory notes for the accommodation of the plaintiff Cuneo. These notes were purchased from Cuneo by the Realty Investment Company, and were sold by Bornstein and the company to Glickman, who was not in the business of making small loans. The defendant Glickman contends, although the statute declares notes given in violation of the statute shall be void, that the word 'void' should not be construed in its technical sense, and should be construed to mean voidable; that the notes in suit are not void in the hands of a holder in due course. He cites a number of cases in support of this contention.

"In *Kelly-Buckley Co. v. Cohen* (195 Mass., 585) it was held that the word 'void' as used in the sale in bulk statute then under consideration should be construed as meaning voidable. It was recognized that the word 'void' is used in many statutes in its technical sense and in many it is used in the sense of voidable, depending in part on the subject matter of the statute and the abuse which the statute seeks to correct.

"The purpose of the small loan act was to prohibit the unlicensed business of making small loans and to prevent an excessive rate of interest on such loans. The statute was passed as a protection to the borrower; it was intended to make the statute effective and to prevent its evasion by indorsing notes given for such loans to third parties. It would afford little protection to a borrower if the notes given contrary to the statute would be valid in the hands of a holder in due course. In our opinion the word 'void' was used in its technical sense; the notes were void at their inception and of no validity in the hands of Glickman. This construction of the statute is supported by *Thomas v. Burnce* (223 Mass., 311), where it was said (at page 312): 'It is true the plaintiff has a complete defense at law to the notes expressly declared to be void . . . but his remedy is not limited to the common law, since the enactment of St. 1911, c. 727, sections 10, 13, amended by St. 1912, c. 675, sections 3, 4, has conferred expressly also a right to maintain a suit in equity.' *Missouri, Kansas & Texas Trust Co. v. Krumseig* (172 U. S., 351). These statutes declaring the usurious note to be void has not been repealed or rendered ineffective by any of the provisions of the negotiable instruments act. *Sabine v. Paine* (223 N. Y., 401);

Eskridge v. Thomas (79 W. Va., 322).

"*Burnes v. New Mineral Fertilizer Co.* (218 Mass., 300), relied on by the defendant, is not in conflict. There the action was to recover a note given as collateral security for a loan made in violation of the statute. It was said (at page 303): 'It is apparent that there is nothing in that act which makes void not only notes given in violation of the act, but securities deposited as collateral for such notes. . . . In *Van Schaack v. Stafford* (12 Pick., 565), *Dunscomb v. Bunker* (2 Met., 8) and in *Harrison v. Hannel* (5 Taunt., 780) the action was brought by the person to whom the usurious loan had been made. In such a case the loan itself is void, and nothing being due on the debt for which the collateral was deposited as security, no recovery can be had on the collateral.'

"The loan made in violation of the statute and the notes given are void. G. L., c. 140, section 110. By section 103 the loan may be declared void by the Supreme Judicial Court or Superior Court in equity upon petition by the person to whom the loan was made.

"The plaintiff was not required to make payment or tender of the amount actually loaned as a condition to the maintenance of the suit. *Thomas v. Burnce* (223 Mass. 311, 313); *Missouri, Kansas & Texas Trust Co. v. Krumseig, supra.*

"Decree affirmed with costs."

Lienors Protected in Motor Confiscations

THE Supreme Court of the United States ruled on May 19 that an automobile seized because used for the unlawful transportation of intoxicating liquor under Section 26 of the National Prohibition Act, is not subject to forfeiture as a vehicle used in the removal of liquor with intent to deprive the United States of a tax thereon, under Section 3450 of the Revised Statutes. In an opinion by Mr. Justice Stone, the Court ruled that proceedings for forfeiture of automobiles seized in the act of transporting liquor may only be had under Section 26 of the Prohibition Act which protects the rights of lienors and claimants.

Section 26 permits persons and corporations, usually automobile finance companies, having claims on the automobile, to intervene in the forfeiture proceedings brought thereunder, and if they can prove their innocence of any part in the transaction or lack of knowledge of any contemplated use for such purpose, protects their liens and claims.

"The prescription in detail, by Section 26," the opinion states, "whenever transportation is involved, of successive steps to be taken which, if followed, lead unavoidably to forfeiture under that section and no other, with the important consequence of protecting the interests of innocent third persons, suggests a definite purpose to make the protection effective by bringing all forfeitures in such cases under its controlling provisions."

Defenses Against Fraud

(*Continued from page* 15)

make some available information a part of the public records in a state department. In some cases they appear to be justified in this position as competitors may take unfair advantage of certain confidential information. If such could be made a part of a confidential file, not open to public inspection, it is believed that much of this resistance would evaporate.

Advertise Full Facts

"Second: *Honesty in advertising.* Too many times sales circulars and newspaper advertising fail to give adequate information to enable an investor to pass upon the merits of a security. If it is a new project with little that can be said about assets or operating results, a long and impressive list of directors is presented with the business connections of each.

Accurate Circulars

"Armed with this sort of a circular, a salesman can make almost any sort of claim for the security without fear of being caught in a lie until enough time has elapsed so that his exact statement has been forgotten. A circular should contain a statement of the nature of the business, a brief review of its history, the officers in control and their records, the nature of the security and method of arriving at its asset value, financial structure balance sheets and earnings statements for at least three most recent years.

"Pro-forma balance sheets giving effect to proposed financing, unless absolutely underwritten by a responsible dealer and estimated earnings based on expected volume of business are most unsatisfactory. Accuracy and clarity in the nomenclature of security issues is sadly lacking at the present time.

Liaison Between States

"Third — *Closer cooperation between commissioners.* A vast amount of unnecessary work is required in passing on applications for registration because a commissioner does not have the benefit of the findings of other commissioners who have analyzed the project. If findings could be filed with such a bureau, checked with data from other sources and then released in strict confidence for the use of officials only, it would be of inestimable value."

THE GIST OF IT

"Pith, Punch and No Phrills."—Ed.

Department of Commerce Finds Employment of Consumer Finance Ill-Advised in Commercial Field

IN A study of credit extension and causes of failure among Philadelphia grocers the Department of Commerce, in a report by W. C. Plummer and Paul O. Ritter, states that at the time of their failure 22 out of the 35 stores studied were financing themselves in part with money borrowed from loan or finance companies or individual money lenders at rates of interest prohibitive for business purposes. Financing under unfavorable terms was not the original cause of the trouble in a single case, the report adds, but borrowing under such terms when in trouble from other causes added to the original trouble, and thus helped bring on bankruptcy in 22 cases out of the total of 35.

Original Financing

"At the time of entering business these grocers did not finance themselves by such loans," the reports states. "The funds for organizing the businesses were supplied mainly by the owners themselves, without borrowing. This was the source of 67.8 per cent of the total capital at time of organization.

"While financing under such very high terms was not the original cause of failure, it was an important contributing cause. A business man paying from 18 to 36 per cent for his money obviously would be hard pressed to succeed in competition with one paying 6 per cent. In the grocery business, where, as a rule, the profits are small, this difference alone was enough to drive the merchants into bankruptcy, since the amounts involved were large and the period of time over which interest was paid was sometimes quite long. According to the court records, one grocer at the time of his failure owed 10 different companies a total of $4,938; another owed 8 companies a total of $4,732. The total amount owed to loan or finance companies by the 22 stores using them as a source of capital was $43,736. In some cases it was found that the grocer, in his petition, listed the face value of his promissory notes rather than the actual amounts owed, which were less than the face value on account of sums repaid. On the other hand, it is probable that because of accumulated interest charges the actual amounts owed in some cases were greater than the face value of the notes.

Conclusion

The conclusion in regard to financing as a casual factor of failures among Philadelphia grocers is that borrowing under prohibitive terms when they were in difficulties from other causes added to the original trouble and thus helped to bring on bankruptcy in 22 cases out of the total of 35."

Sources of Capital at Organization of 30 Bankrupt Retail Grocery Stores, Philadelphia, Pa.

Source	Stores using source for whole or part of capital	Amount	Per cent of total
From owner without borrowing	27	$59,700	67.8
Borrowed from friends or relatives	6	6,100	7.0
Assistance from wholesalers and jobbers	11	4,475	5.1
Borrowed from loan or finance companies	2	1,300	1.5
Borrowed on life insurance	1	80	.1
Fixtures purchased on installments	14	16,333	18.5
Total		$87,988	100.0

Liabilities of Retail Grocery Stores at Time of Bankruptcy, Philadelphia, Pa.

Excluding mortgages on real estate ($417,656) and liabilities incurred by indorsing notes for others ($36,045)

Creditor	Number owing each type of creditor	Amount	Per cent of total
Wholesalers, jobbers, and manufacturers	33	$66,251	31.6
Loan or finance companies	22	43,736	20.8
Commercial banks	13	12,441	5.9
Individuals	27	58,164	27.7
Equipment dealers (installment plan)	3	1,755	.9
Morris-Plan banks	4	312	.2
Other, including preferred debts such as taxes and rent	31	27,286	12.9
Total		$208,945	100.0

Massachusetts Report Shows Personal Finance Growth

THE annual report of Earl E. Davidson, superintendent of loan agencies in Massachusetts, for the year ending September 30, 1929, shows that 137 offices were engaged in the business of making loans of $300 and less under state supervision during the year, in addition to the 22 Morris Plan companies and three companies specially chartered by the legislature.

Four offices operating in Massachusetts during the license year 1928 were not licensed in 1929. Thirty-four new licenses were granted during the year, 12 applications for licenses were denied and one license was suspended.

During the year the 137 licensed companies made 102,931 loans amounting to $15,473,503.97. The 22 Morris Plan companies made 53,203 loans amounting to $8,418,404.24. The 3 chartered companies made 78,513 loans amounting to $4,638,749.04. The aggregate of loans made by licensed lenders, Morris Plan companies and three chartered companies, in sums of $300 or less, amounted to $28,030,942.25. This showed an increase in total amount loaned of 22½ per cent over 1928, 32 per cent over 1927 and 43 per cent over 1926. The working capital of all companies engaged in the small loan business in Massachusetts on September 30, 1929, under state supervision was $22,077,688.98. The following table shows the comparative growth of personal finance companies and other small loan operators in Massachusetts from 1926 to 1929.

"The annual report of Earl E. Davidson, superintendent of loan agencies," says *The Boston Herald*, "is altogether too modest and compact a document—a fault on the right side in most cases, but not so here. The report might properly have told in detail that this little department has almost put out of business the old-time loan sharks; that it is the staff of the poor man, who is temporarily distressed; that it redresses many grievances; that it returned the commonwealth a tidy profit last year; that it supervises private business without handicapping its legitimate activities. Massachusetts has the reputation of being the best of all states for a poor man, and this agency is one of a number of reasons for that good repute."

Labor Wins Victory

Railroad labor won a legal victory of outstanding importance in a decision handed down by the United States Supreme Court on May 26 which affirmed a decree of the lower courts enjoining a carrier from "interfering with, influencing, intimidating or coercing" its employees in their selection of representatives for the purpose of collective bargaining.

"The legality of collective action on the part of employees in order to safeguard their proper interests is not to be disputed," the Court stated. "The prohibition by Congress of interference with the selection of representatives for the purpose of negotiation and conference, instead of being an invasion of the constitutional right of either, was based on the recognition of the rights of both. . . .

"Such collective action would be a mockery if representation were made futile by interference with freedom of choice."

• • •

"Every experienced lawyer knows how much trade associations have contributed and are contributing to the development of a sound public opinion in the special field of industry. . . . The courts have long since recognized their legitimate functions and have fully appreciated their powerful influences in American trade and industry."
—John Lord O'Brian, Assistant to the Attorney General of the United States, before the Chamber of Commerce of the United States.

SMALL LOANS MADE BY ALL MASSACHUSETTS LICENSED LENDERS AND CHARTERED COMPANIES FOR LICENSE YEARS 1926, 1927, 1928 and 1929.

	1926		1927		1928		1929	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Personal finance companies	40,861	$4,626,974.59	52,242	$6,409,467.30	75,795	$9,376,626.72	102,931	$15,473,503.97
Morris Plan companies	45,566	7,004,661.81	46,824	7,636,173.66	51,119	7,875,648.07	53,203	8,418,404.24
Chartered companies	75,514	4,035,197.16	77,118	4,303,859.91	78,472	4,463,331.15	78,513	4,638,749.04
Total	161,941	$15,666,833.56	176,184	$18,349,500.87	205,386	$21,715,605.94	234,647	$28,530,657.25

State Organizations

Secretaries of State Associations

ARIZONA—L. B. Christy, Phoenix.
COLORADO—L. M. Brazier, 320 Symes Bldg., Denver.
CONNECTICUT—Henry Holm, 152 Temple St., New Haven.
FLORIDA—Alfred Lovesky, 309 Olympia Bldg., Miami.
GEORGIA—C. T. Dismer, 208 Georgia Savings Bank Bldg., Atlanta.
ILLINOIS—J. H. Sanderson, 11 S. LaSalle St., Chicago.
INDIANA—Paul A. Hancock, 202 Amer. Central Life Bldg., Indianapolis.
IOWA—R. Lester Short, 215 Iowa Bldg., Des Moines.
LOUISIANA—F. B. Smith, 1707 Dryades St., New Orleans.
MAINE—A. E. Robichaud, 209 Clapp Memorial Bldg., Portland.
MARYLAND—E. M. Garren, 331 Equitable Bldg., Baltimore.
MASSACHUSETTS—D. J. Cote, 225 South Main St., Fall River.
MICHIGAN—W. G. Stevens, 2030 First National Bank Bldg., Detroit.
MISSOURI—R. E. Hughes, 119 N. 7th St., St. Louis.
NEW HAMPSHIRE—F. A. Brodeur, 967 Elm St., Manchester.
NEW JERSEY—Harry A. Morgan, 301 Military Park Bldg., Newark.
OHIO—J. F. Anderson, Bushnell Bldg., Springfield.
PENNSYLVANIA—W. S. Herron, 404 Denckla Bldg., Philadelphia.
RHODE ISLAND—E. LaGueux, 307 Main St., Pawtucket.
TENNESSEE—E. J. Franch, 212 Derman Bldg., Memphis.
VIRGINIA—Roland H. Brown, 209 N. Sycamore St., Petersburg.
WASHINGTON—Robert L. Campbell, 232 Provident Bldg., Tacoma.
WEST VIRGINIA—W. B. Grimes, 304 Kanawha Natl. Bank Bldg., Charleston.
WISCONSIN—D. E. Burk, 405 Bartlett Bldg., Milwaukee.

Hoosier Meeting Largely Attended

THE Indiana Industrial Lenders Association held its 15th annual convention in Indianapolis on May 21st and 22nd. Largely attended and marked by an especially interesting speakers' program, the Indiana meeting is reported to have been one of the most sussessful in the history of the Association.

The Indiana Association voted to change its name to the Indiana Association of Personal Finance Companies. W. B. Nichols of Clinton was reelected president; Charles E. Durnell and Paul A. Hancock, both of Indianapolis, were reelected treasurer and secretary respectively; Roy F. Hartz was elected first vice president and Joe Stratton of Sullivan, second vice president. The Association elected as delegates to the national convention, to be held in Washington on September 24 to 26, President W. B. Nichols and Secretary Paul A. Hancock with T. M. Kaufman and W. B. Chenowith alternates. The Fall meeting of the Association will be held in Indianapolis.

Among those who addressed the convention were Albert Stump of Indianapolis; W. Frank Persons, executive vice president of the American Association; Charles R. Parker, supervisor of loans, Indiana State Banking Department; Earl Mushlitz, assistant managing editor, *Indianapolis Star;* R. F. Hartz, presi-

Three More States

SINCE the May Number of PERSONAL FINANCE NEWS was published, three additional state organizations—those in Iowa, Indiana and Louisiana—have changed their names to Association of Personal Finance Companies, to conform with that of the national organization. Similar action is pending in other states.

dent, American Loan Company, Indianapolis; and Burr Blackburn, director of research, Household Finance Corporation, Chicago.

Discussing "Changing Business in a Changing World," Mr. Stump emphasized the progress which has been made in reconciling competition in business with cooperative or group action.

"The Government a few years ago enacted the Sherman Anti-Trust Law and the Clayton Act, with a view to preserving a condition of competition. Not for the purpose of eliminating competition but for the purpose of stabilizing business our Government has developed since a new attitude toward business. This new attitude is expressed in the Federal Trade Practice Act and other similar legislation, the kind of legislation that stimulates cooperation in business, that makes it possible for you to get together and determine what shall constitute fair trade practices and then enforce these practices. This tends to place business on a plane where those who conduct it with regard to ethical requirements are not put to a disadvantage in competition with those who may not.

"Therefore, while Government is extending the opportunity to cooperate in business as it never did before, the very fact of extending the opportunity preserves competition on a higher plane than before."

W. Frank Persons, executive vice president of the American Association, laid stress upon the importance of vigorous state associations as a part of the national organization of the personal finance business.

State Organization Important

"At no time has there been so great a need for the services of state associations and of the national association as at this time," said Mr. Persons. "It is planned by the Board of Directors and the Executive Committee that the national association shall assemble information with your cooperation so that there will be a wider understanding within our own membership and on the part of the public as to the nature of this business and of its relation to the public well being.

"To those two projects, cooperation and mutual understanding in these associations, and the assembling, publication and use of proper facts, the American Association is dedicating itself."

Charles R. Parker, state supervisor of loans, said that one of the outstanding handicaps imposed upon the personal finance business is a lack of public understanding. "I would like to have every critic of this business sit in on this state convention," said Mr. Parker. "I am sure that they would gain a different viewpoint. I am sure that they would find that its leadership is constantly striving to improve the business and to put it upon a higher plane and a better basis. That is the sentiment of myself as your supervisor and I assure you that it is the sentiment of the Department of Banking."

Earl Mushlitz, assistant managing editor of the *Indianapolis Star*, gave the convention some practical pointers regarding its relation with the press. "Publicity carries so many unfavorable implications with large sections of the public," said Mr. Mushlitz, "as well as with the editorial executive, that it is desirable, in any consideration of the news column contacts of your business, to think in terms of news and not in terms of publicity or propaganda.

"One of the first cautions that should go out to all persons interested in any form of news development of their business is this: Better one good, clearly defined, straightforward news story, than an effort to write three or four stories where only the shred of a news item exists.

"Newspaper editors have a way of looking at news of this kind with an instinctive eye to the invented part of the story. This critical inspection is not confined to the editor. The public has the same sense of values. The average reader knows what interests him in a story. This is the unmistakable and incorrigible defect of cooked-up publicity. It doesn't get over with the people.

Public Information

"Telling the people isn't a hard or an expensive job. You must have something to tell. Tell it concretely. Tell it squarely. Leave no doubt of what you're driving at. Make it as dramatic and as human as you can. Some advertising copy, like some news copy, has the defect of vagueness. Make your appeal as specific as you know how.

"If you consider advertising, the points that occur to me as worth consideration and observance are these:

"1. If it is an individual campaign, visualize your service as far as you can. This can be done best by pictures, of course; but you can do it without pictures. Put suggestion into your copy. Make your text fit individual cases of need for immediate finance.

"2. The same admonition goes for institutional or group advertising. In that case you are trying to vivify and visualize a type of service that you are ready to

perform. Here, again, it occurs to me that you can accomplish most in the way of creating automatic habits of mind by keeping as close to concrete and specific cases as you can.

"Then, some basic governing rules may be stated with respect to news:

"1. If you have what you believe is a good news story, don't hesitate to tell the newspapers about it. The most likely source of stories of this character is your association activities, of course: or facts relating to the business as a whole, without reference to individual or firm operations.

"2. Study the possibilities of general news stories. Either your business has them, or it has not.

"3. Do not put any trust in invented publicity. One good news story is worth more to the newspapers, and to you, than an attempt to get over a half dozen invented stories. The chances are 90 to 1, the invented stories, most of them, will not be used."

At a regional meeting of the Pennsylvania Association of Personal Finance Companies, held at Williamsport on May 4th, thirteen new companies were admitted to membership in the Association. Ralph Gingrich, Assistant Cashier of the Williamsport National Bank, addressed the meeting on "National Finance." It was voted to hold the next regional meeting on August 13th at Lancaster.

Meeting Schedule

Florida—Jacksonville, June 18.
Maryland—Baltimore, July 8.
Massachusetts—Boston, July 16.
Pennsylvania—Lancaster, August 13.
Michigan—Detroit, October 16.

Maryland Meeting

The 15th annual meeting of the Maryland Industrial Lenders Association was held at the Lord Baltimore Hotel in Baltimore on May 13th. Among those who addressed the meeting were: Governor Albert C. Ritchie of Maryland; Honorable David C. Winebrenner, 3d, Secretary of State of Maryland; Honorable William F. Broening, mayor of Baltimore; Waldo Newcomer, chairman of the board, Baltimore Trust Company, Baltimore; and Edgar F. Fowler, secretary of the American Association. The following officers were elected or the ensueing year: J. L. Rosenfield of Baltimore, chairman; G. W. Tyler of Hagerstown, vice chairman; E. M. Garren of Baltimore, secretary; and J. D. Goldrick of Baltimore, treasurer.

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The New Jersey Industrial Lenders Association at its annual election held on June 5th elected the following officers for the coming year: J. Gay Seabourne of Newark, President; Harry A. Morgan of Newark, Secretary; Walter H. Meyer of Jersey City, Treasurer.

Harrison Elected in Iowa

Under the acting Chairmanship of T. J. Harrison of Waterloo, the Iowa Industrial Lenders Association held its 13th annual meeting and banquet at Sioux City on May 8th and 9th. The Association voted to change its name to the Iowa Association of Personal Finance Companies. Officers elected for the next year were: T. J. Harrison of Waterloo, chairman; R. Lester Short of Des Moines, secretary; William De Beaulieu of Des Moines, treasurer; V. L. Belt of Waterloo, vice chairman; Ben Miller and H. A. Hulling of Des Moines, members of the Executive Council. Among those who addressed the Iowa meeting were: Henry C. Shull, member of the State University Regional Board; A. P. Snite of

Final Convention Plans in Our Next Issue

The tentative program for the Annual Convention—including speakers of national repute, government officials, outstanding authorities on business subjects —, will be submitted to the Executive Committee for approval on June 17. Final arrangements will be announced in the July issue of *Personal Finance News*.

This much can be disclosed now. There will be enough of serious discussion to satisfy the most earnest student of the business. There will be ample opportunity for group conferences and get-together meetings. The sightseeing and other entertainment resources of Washington will not be neglected.

By special dispensation of the President, no delegate will suffer loss of prestige if he turns up with golf sticks or a tennis racket. After arrival he must look out for his own prestige.

The Mayflower has been designated as official hotel headquarters for the Convention and special rates arranged. Since the Mayflower is one of the most popular establishments at the Capital, early reservations (September 24 to 26) are recommended.

Chicago, president of the American Association; B. E. Henderson of the Household Finance Corporation of Chicago; J. S. Thompson, assistant director of research, Household Finance Corporation, Chicago; and Edgar F. Fowler, secretary of the American Association.

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Missouri to Make State-Wide Study

At the annual meeting of the Missouri State Association, held in St. Louis on May 28th, a new constitution, by-laws and code of ethics, patterned after those approved by the American Association, were adopted. Plans were made in cooperation with the state commissioner of finance to make a study of the personal finance business in Missouri and a tentative reporting form for this purpose was approved. Among those who addressed the convention were: Roy D. Miller, state bank examiner, and Edgar F. Fowler, secretary of the American Association. Officers elected for the coming year were: H. F. Reilly of Kansas City, president; J. E. Perry of Moberly, vice president; and R. E. Hughes of St. Louis, secretary.

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The quarterly meeting of the Louisiana Industrial Lenders Association held at Alexandria on April 26th voted to change its name to the Louisiana Association of Personal Finance Companies. The Association also adopted the Code of Ethics of the American Association. Among those who addressed the meeting were: C. C. Bell, Mayor of West Monroe; State Senator Coleman Lindsly of Minden; Mr. W. L. Perce of Monroe, representing the Brotherhood of Railway Trainmen; and Messrs. Alan K. Dolliver and Virgil Moore of the Beneficial Operating Bureau of New York. The meeting was marked by an especially helpful discussion of many practical aspects of the personal finance business.

Education as Factor

(*Continued from page* 12)

tific small loan office management.

Know Your Job

The question "What makes a successful loan man?" is daily becoming more important, because competition within the business is steadily increasing. It is the man with the knowledge who now gains his place in the field. Improvement in the conduct of the personal finance business as a whole also depends upon the thoroughness with which everyone engaged in it knows his or her job.

It would be a valuable contribution to the personal finance business if every small loan man and woman in the United States undertook a carefully planned training schedule—and followed through with the project.

Bibliography

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The books, bulletins, pamphlets and reprints and speeches described below are intended to provide a handy reference list for the use of persons desirous of studying the historical, social, economic, legal, financial, and administrative phases of the personal finance business.

Copies may be obtained at the prices indicated from the American Association of Personal Finance Companies, 712 Tower Building, Washington, D. C. The list follows. (Recent additions are indicated by bold-faced type.)

Books and Brochures

"The Facts About the Small Loan Business, and the Scientific Rate of Fair Charges," by Reginald Heber Smith. 10c per copy.

"The Trend and Progress of the Movement to Improve Small Loan Conditions," by Arthur H. Ham. 10c per copy.

"The Philosophy of the Uniform Small Loan Law," by Walter S. Hilborn. 10c per copy.

"The Need of Adequate Small Loan Legislation," by Walter S. Hilborn. 10c per copy.

"The Development of the Industrial Loan Business," by Hon. A. R. Robinson. 5c per copy.

"The Future of the Small Loan Companies," by Dr. F. W. Ryan. 5c per copy.

"The Personal Loan Business," by Dr. F. W. Ryan. 5c per copy.

"Making Credit Available for All." 10c per copy.

"Usury and Usury Laws," by Dr. F. W. Ryan. $2.50 per copy.

Pamphlets

"Questions and Answers Concerning the Small Loan Business in New Jersey" 15c per copy.

"Constitution and By-Laws," American Association of Personal Finance Companies.

"Code of Ethics," American Association of Personal Finance Companies.

"A Specialized Financial Service." 10c per copy.

"The Industrial Loan Business," by John Dailey.

"The Industrial Loan Companies' Part in the Readjustment," by W. G. Stevens.

"The Advantages of Membership in State and National Industrial Lenders Associations," by E. F. Moore.

"Industrial Lending as a Community Asset." 10c per copy.

"How to Organize a Lenders Exchange Bureau." 10c per copy.

"The Significance of the British Money Lenders Act of 1927," by Dr. F. W. Ryan. 10c per copy.

"The Small Loan Act," by Walter S. Hilborn. 10c per copy.

"Weathering Rainy Days," by Leon Henderson and Rolf Nugent. 10c per copy.

"The Fundamental Rightfulness of the Family Finance Business," by Dr. F. W. Ryan. 10c per copy.

Reports, Digests, Etc.

"The Small Loan Situation in New Jersey in 1929," by Dr. Willford Isbel King. 25c per copy.

"Financial Aspects of the Small Loan Business in New Jersey," by Pace, Gore & McLaren, certified public accountants. 25c per copy.

Minnesota Interim Committee Report. 10c per copy.

Opinions of Importance. $2.00 per copy.

Some Prominent Men on the Necessity for Industrial Banking. 10c per copy.

Legal Survey, compiled by Indiana I. L. A. $3.00 per copy.

Report on State-wide Referendum by Citizens' Committee in Wisconsin. 25c per copy.

Report on Typical Small Loans Made to Residents of Milwaukee County. 25c per copy.

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